

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

FEBRUARY 1951



It Might Have Been Any American City (page 36)

Men, Materials, and \$71,594,000,000

(page 33)



Holdup of First National Bank of Pearl River, New York, December 29, 1921

He was small and slim, this harmless-looking little man. But viper quick and deadly — as the two clerks were soon to learn when they admitted him to the safety deposit box he had rented under a fictitious name some months before.

Pausing only to make sure there were no others in the bank, he whirled — the cold glint of blued steel in each hand. One clerk lunged for a revolver. Without hesitation, the robber fired, dropping first one man and then the other. Calmly he stood over them, pumping bullets into their prostrate bodies.

At that moment, an armed Erie R. R. watchman entered the bank. Sizing up the situation, he drew his gun. The robber swung and fired, wounding the watchman in the thigh — then leapt from the bank's rear window and escaped.

It was over four years before this ruthless killer was finally brought to justice. Then, sentenced to Joliet prison, he ended his own life by poison.

Thus Henry J. "Midget" Fernekes wrote finis to his murderous career. But behind he left a bloody trail that his death could not erase — 3 murdered

— 1 seriously injured — and a financial toll of \$122,000 to the 5 banks he robbed.

* * *

In the long run, the bank robber almost inevitably loses to the forces of law. But the damage is done before he is caught. Even today's highly perfected preventive and protective methods do not eliminate this threat.

Only a well organized insurance program can provide truly sure financial security not only against armed robbery but also against embezzlement, liability, fire and other hazards. In the field of planned protection, the Aetna has pioneered with the Aetna Plan of Risk and Insurance Analysis. With this modern system, your Aetna representative is eminently equipped to design and maintain an insurance program accurately tailored to your bank's particular needs. Call him. He will be glad to explain how this tested method has helped many banks improve their protection substantially.

AETNA CASUALTY AND SURETY COMPANY

The Aetna Life Affiliated Companies write practically every form of insurance and bonding protection

LIFE AND CASUALTY

Aetna Life Insurance Company

Aetna Casualty and Surety Company

Hartford 15



FIRE AND MARINE

Automobile Insurance Company

Standard Fire Insurance Company

Connecticut

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

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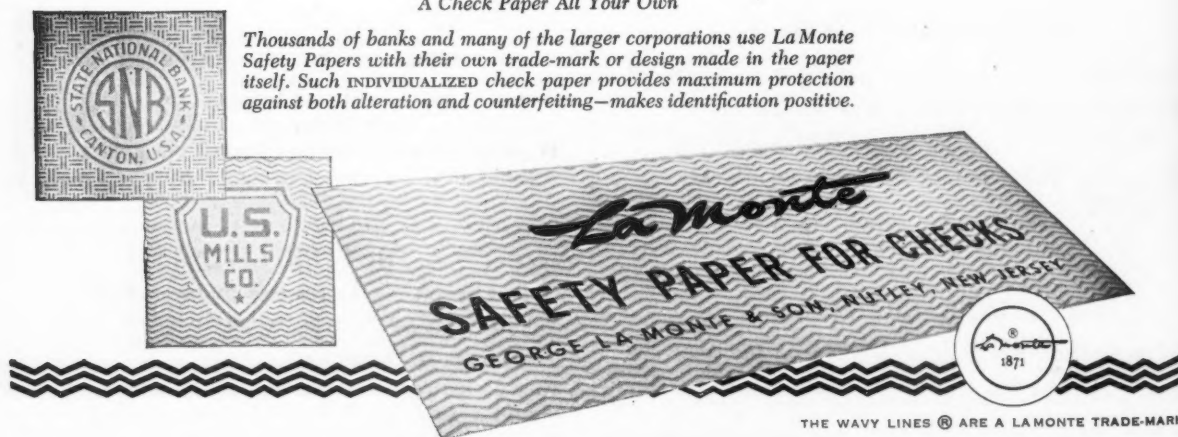


Think what this check means...

The final payment: the check that makes ownership complete — there's a check with special meaning. But *all* checks are important. Aside from their tremendous value as a safe, convenient means of transferring funds they are vital business documents. Either function warrants use of the finest safety paper available. And the enormous circulation of Bank and Corporation checks lithographed on La Monte Safety Papers demonstrates that appreciation of high quality in check papers is practically universal.

A Check Paper All Your Own

Thousands of banks and many of the larger corporations use La Monte Safety Papers with their own trade-mark or design made in the paper itself. Such *INDIVIDUALIZED* check paper provides maximum protection against both alteration and counterfeiting—makes identification positive.



THE WAVY LINES ® ARE A LA MONTE TRADE-MARK



Financing Defense

A GOOD-SIZED chunk of our main editorial section this month concerns the national emergency and the measures for meeting it.

First (page 33) there's a commentary on the broad problems of men, money and materials by Secretary SNYDER. Then EDWARD H. COLLINS, a member of the editorial board of the *New York Times*, takes up the pertinent question, "How Far Can We Pay As We Go?"

Next comes a story on a cooperative banking venture in Houston. And LAWRENCE STAFFORD's "Washington" is, of course, devoted largely to the emergency.

The Houston Plan

IN Houston, Texas, last December 15, the banks carried out a one-day educational program which was so successful that it is being offered as a model for other communities.

Developing a suggestion by FRANCIS MARION LAW, chairman of the First National Bank, the Hous-

ton Clearing House Association made a three-point approach to the briefing of bank people about national financial problems, particularly the sale of U. S. Savings Bonds.

The Houston banks' personnel, 1,800 strong, mobilized at a morning mass meeting. At noon there was a luncheon for local business executives; and in the afternoon, each bank held a clinic for its own staff. On all three occasions Uncle Sam's bonds, and the need for their broadest possible ownership as a brake against inflation, provided the main topic of discussion.

That, in brief, is the Houston Plan which other clearinghouses are being asked to use in their own communities. It is outlined in "Anchoring the Federal Debt" (page 36).

The Great Debate

THE cracker barrel-television argument over America's foreign policy boils down to differences of opinion on how we should best use our resources. The leaders in The Great Debate are men whose prominence assures their views wide publicity; but in the end the issue will probably be decided by that decisive spokesman for us all—public opinion.

Commenting on the controversy, the *New York World-Telegram and Sun* offered this perspective:

"America is going through a process which must baffle the enemies of

freedom. Her people and the leaders who seek to speak for them are holding a great debate on U. S. world policy in this crisis.

"In all past crises there have been such debates. Contradictory counsel is given. Tempers flare. Confusion is compounded. Then, at some moment, all doubts are resolved. Uncertainty becomes certainty. Indecision becomes decision. Contention is forgotten."

In other words, we "jell."

Meanwhile, you can brush up on various leaders' viewpoints by reading "Debate, But Late" on page 39. It's excerpts from utterances by Messrs. Truman, Hoover, Eisenhower, Taft, Dewey, Dulles, and Kennedy.

Main Street

REPRINT of an item that appeared in the February 1950 issue of **BANKING**:

"The year-end and the annual bank meetings bring a multitude of bank personnel changes. Announcements of staff changes, retirements and additions flow to **BANKING'S** "Heard Along Main Street" desk from all parts of the country, and by the middle of January we're deluged with these items.

"It's axiomatic, of course, that names are news. We use as many as possible in this month's instalment of **HAMS**, but there just wasn't room for everybody. Next month

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION



THIS MONTH'S COVER

The scene on the cover—and at the left—shows a busy street in Houston, Texas, where a history-making, money-mobilization program was carried out in December. It is described in an article beginning on page 36. It will be copied in other cities all over the United States. The picture's caption refers to the fact that any city can do what Houston did, but, with Banker Francis Marion Law's planning, Houston did it first.

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Your Lawrence man offers you this Inventory Survey



Next time inventory figures in a loan application, call in your Lawrence man. He's as near as your telephone.

From his experience with inventories in many lines, he can determine for you if a given business lends itself to field warehousing.

Why not call on his experience?

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Nationwide Field Warehousing

FACILITATES LOANS AGAINST INVENTORY

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100 N. LA SALLE ST.

NEW YORK
72 WALL ST.

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Land of American Opportunity

In the years ahead, few countries in South America will offer U. S. business such broad and vital trade opportunities as Colombia. All signs point to a substantial increase in Colombian travel — export and import trade — development of new industries or expansion of existing local industries.

Progressive U. S. banks and business organizations know these facts — are establishing correspondent relations in Latin America, notably in Colombia. In increasing numbers they are taking advantage of the exceptional and complete banking facilities provided by this 38-year-old institution.

With 25 offices, located in all important commercial centers, trade information is quickly gathered and forwarded to you. Special departments are available to handle your collections and letters of credit.

Inquiries cordially invited.

BANCO COMERCIAL ANTIOQUEÑO

Established 1912

Cable address for all offices — *Bancoquia*

Capital paid-up \$15,000,000. — Pesos Colombian

Reserves: \$13,000,000. — Pesos Colombian

General Manager: Antonio Derka

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New York Representative — Henry Ludeke, 40 Exchange Place, New York 5, N. Y.

we'll try to catch up, although, space limitations being what they are, we can't promise to publish every one of the hundreds received."

That sums up the 1951 situation, too. The "Main Street" starting on page 18 is bulging—and next month's will be, too.

Sign of These Times

NEWSPAPERS gave top headlines to the assurance offered by WILLIAM GAGE BRADY, JR., chairman of The National City Bank of New York, that the bank was well prepared to protect securities against bombing.

At the stockholders' annual meeting a woman share owner opined that women feared to deposit their securities in New York because of the tense world situation. Mr. Brady said the City's vault, more than 60 feet underground, was the third strongest in the nation—ranking next to those at Fort Knox and the Federal Reserve Bank of New York.

"It is not only atom-bomb proof, but every other kind of bomb proof," he continued. "The worst thing that could happen, even if an atom bomb crashed directly on the bank office and the walls came tumbling down over the vault, would be that security holders would have to wait several weeks or months before the securities could be dug out of the debris. And we also have duplicate records of the securities stored elsewhere."

(CONTINUED ON PAGE 6)

"Public utility! Is that the powder room?"



Do your Christmas planting early
—and easy!



A good many banks are planting a cash crop this spring. They're planning ahead for next year's Christmas savings plans.

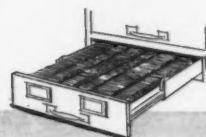
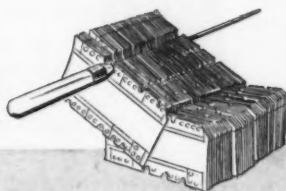
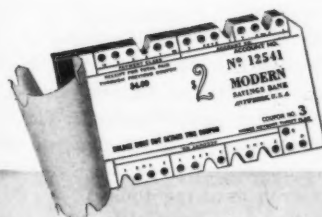
A Christmas savings plan can promote a lot of business for a bank. But the plan can mean more work and worry than it's worth . . . unless a bank has a competent system for handling it.

But any bank can rid a savings plan of heavy clerical and accounting costs with Keysort cards and machines. With pre-punched Keysort coupons serving as deposit account slips, a bank needs *no* special tellers, *no* stamp inventory accounting and pasting, *no* passbook posting for Christmas plan depositors.

Customers don't have to wait in long lines, tellers are spared wearying details. And the accounting requires simply sorting, counting and filing the Keysort slips!

Ten million Americans, depositing a billion dollars in Christmas savings plans, means a lot of new depositors. And about one third of those Christmas savings are ultimately transferred to permanent accounts.

No reason why your bank shouldn't get the new customers a Christmas savings plan produces. But an efficient McBee system takes preparation. Now's the time to work out the details with the McBee man near you. Or write us.



Just sort count and file!

THE McBEE COMPANY

Sole Manufacturer of Keysort—The Marginally Punched Card
295 Madison Avenue, New York 17, N. Y. Offices in principal cities
The McBee Company, Ltd., 11 Bermondsey Road, Toronto 13, Ontario



HEAD OFFICE - TORONTO, CANADA

95th Annual Statement

30th November, 1950

ASSETS

| | | |
|---|---------------------------------------|-----------------------|
| Cash, Deposits with, and due from Other Banks | | \$ 89,117,373. |
| Dominion and Provincial Gov- ernment Securities | } Not exceeding market value | 183,688,993. |
| Municipal and Other Securities | | 25,590,405. |
| Call Loans (secured) | | 12,485,600. |
| Commercial and Other Loans | | 165,696,567. |
| Bank Premises | | 5,996,139. |
| Customers' Liability under Acceptances and Letters of Credit as per contra | | 4,506,359. |
| Other Assets | | 74,938. |
| Total Assets | | <u>\$487,156,374.</u> |

LIABILITIES

| | |
|---|-----------------------|
| Deposits | \$460,331,337. |
| Acceptances and Letters of Credit Outstanding | 4,506,359. |
| Other Liabilities | 309,856. |
| Dividends declared and unpaid | 330,656. |
| Capital | \$ 6,000,000. |
| Reserve Fund | 14,000,000. |
| Undivided Profits | 1,678,166. |
| | 21,678,166. |
| Total Liabilities | \$487,156,374. |

J. L. CARSON, *President*

L. G. GILLET, *General Manager*

THE BANK OF TORONTO
Incorporated 1855

Head Office: Toronto, Canada. Branches across Canada.

Correspondents all over the world.



"We're the new 8:10 branch of the Fidelity Trust!"

(CONTINUED FROM PAGE 4)

Ira Allen, Banker

THOSE Vermont Allens, you remember, were men of action. General Ethan practically ran the American Revolution in his neck of the woods; and later his youngest brother, General Ira, performed another highly useful act: he founded Vermont.

Ira had a son, Ira H., who was also a founder: he helped start the Bank of Orleans in Irasburg in 1832. Its descendant, the BARTON SAVINGS BANK AND TRUST COMPANY, revivifies him and his times in an interesting historical sketch published last year-end as a sort of extra dividend in Americana for its friends.

The BARTON recalls that some of the early Vermonters "apparently took a rather dim view of the value of banks, and were suspicious of the motives set forth encouraging their establishment."

"In 1803," it continues "the Governor and his council refused to concur with the legislature in the passage of a bill to establish banks in Burlington and Windsor. The following excerpts from some of their reasons appear rather far-fetched and even amusing today:

"We apprehend it would be found necessary to render the bank granted thereby perpetual, a measure which appears to us too novel to be adopted without a more thorough investigation. Government, we apprehend, was not designed to open fields of speculation . . . much less as a means of drawing property out of the hands

(CONTINUED ON PAGE 11)





Business that Belongs to Local Banks

The Case Automatic twine-model baler makes neat, firm, full-weight bales. This new Model "NCM-T" saves the wages of two men. Like the famous "NCM" it makes sliced, ventilated bales that carry maximum feed value to the feed lot.

Grass has been termed the great healer. Certainly grass is balm for many ills. Grass is the best erosion-stopper known. A thick turf keeps soil at home, even on steep slopes during a cloudburst. It captures run-away soil, filling in gullies that gash too many cultivated slopes. Fertility builds up under grass rather than depreciating. More acres in grass, fewer acres in cash crops, help balance troublesome surpluses, help to rebuild depleted land and bank accounts.

Grass is marketed only through livestock. Surplus pasture grass can be put away as hay or silage to feed animals over winter and to carry them through dry spells. Grass is low-cost livestock insurance. Grass is benign, versatile, profitable.

Profitable production of grass is possible only with efficient machinery for tillage, sowing, preserving. Financing the purchase of these production machines is business that rightfully belongs to local banks. J. I. Case Co., Racine, Wis.



Feeding hungry pastures is as necessary as feeding cultivated fields. Plant foods grazed off, dropped in barn and lot, need to be returned promptly for fullest salvage. Only Case spreaders have the self-raising hitch that eliminates lifting and jacking, makes hitching quick and easy, gives the tractor a rolling start in slippery feed lots. Staunchly built to operate at tractor speeds.

CASE



SERVING FARMERS SINCE 1842

IT'S
TELEVOICE!

—PERFECTED BY
EDISON—

THE ANSWER
TO THE
RISING COSTS OF
WRITTEN
COMMUNICATIONS!

Believe it or not . . .
this is a
Dictating Instrument!



And it's
an
EDISON
first!

The smallest . . . lightest . . . simplest and most inexpensive Dictating Instrument ever invented!

IN ONE HISTORY-MAKING stride, Edison has advanced instrument dictation years ahead of anything ever before offered! The EDISON TELEVOICE System is an *entirely new* facility for handling your written communications—new in concept and scope—new in the instruments employed—new in the direct, simple, economical way it serves you!

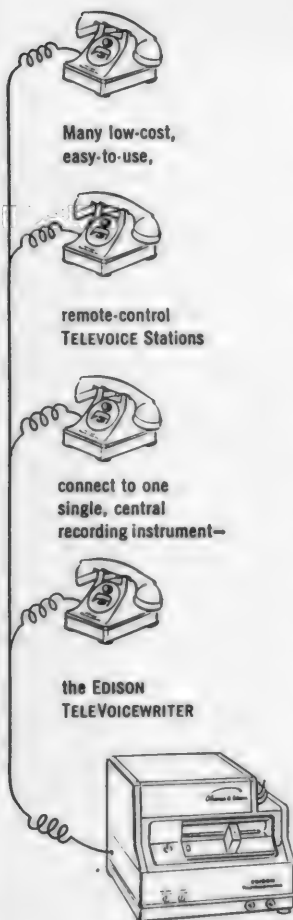
Imagine a system of recording from many stations to a central point. Imagine that these EDISON TELEVOICE Stations are like your present telephone—as small and dependable—and as simple and familiar, so that no instruction is necessary! For the first time, you have no discs, cylinders, belts or index-slips to change or manipulate!

Consider that start, stop and playback, as well as length and correction indications, are all accomplished by *remote control*, with simple push-buttons right on the TELEVOICE Station!

Now you can understand how profoundly Edison has transformed instrument dictation—turning it into an office necessity like the telephone and the typewriter.

The EDISON TELEVOICE System, moreover, achieves an efficiency hitherto unapproached. One to twenty TELEVOICE Stations connect to the EDISON TELEVOICewriter, located at the *secretary's desk*. Hence, dictation is now "delivered" to her—*instantly, clearly, continuously*. It cannot sit, neglected, on some dictating instrument. Messenger pick-up service is eliminated. The secretary paces her transcribing to the work *as it is dictated*, and returns "the world's fastest signature service" without peaks or pressure.

TELEVOICE installations are made on a work-load basis to assure free-line service to all concerned. The economy is obvious. With many dictators being served by only *one* recording machine, costs of instrument dictation are cut by as much as 66⅔%.



Edison TeleVoicewriter

The Televoice System

GET THE WHOLE STORY—NOW!
Send for this new descriptive booklet.
Or, to arrange for a demonstration,
call "EDIPHONE" in your city. In
Canada: Thomas A. Edison of Canada,
Ltd., Toronto 1, Ontario.

EDISON, 36 Lakeside Avenue, West Orange, N. J.
Okay—send me A LINE ON TELEVOICE.

NAME _____
COMPANY _____
ADDRESS _____
CITY _____ ZONE _____ STATE _____

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a powerful ally**



**TO YOU
and every
citizen
in your
community**

He is a staff member of Christmas Club, A Corporation . . . He can show you how Christmas Club can build financial security for every citizen in your community—while bringing new customers for every service you provide . . . His selling job does not end with your order for materials—the real selling job begins then—selling for you. His entire organization goes to work promoting your services.

The advertising and publicity program of Christmas Club, A Corporation on radio and television, in newspapers and magazines, station posters, booklets, contests and many other media *hammers into the public consciousness* the concepts of saving the Christmas Club way and of using all the services offered at financial institutions.

You are not asked to fit your institution into a rigid, predetermined system. From flexible, proven procedures and services, any system can be tailored to meet your needs and preferences . . . Remember any plan is only as good as the "Know How" behind it—the "Know How" to make it work efficiently and the "Know How" to present it to the public. Christmas Club, A Corporation puts 40 years of "Know How" at your service. That's why financial institutions that use the services of Christmas Club, A Corporation are institutions that grow.



Christmas Club
A Corporation

FOUNDED BY HERBERT F. RAWLL

230 PARK AVENUE, NEW YORK 17, N. Y.



BUILDS SAVINGS • BUILDS CHARACTER • BUILDS BUSINESS FOR FINANCIAL INSTITUTIONS

(CONTINUED FROM PAGE 6)

of the less wealthy, to place it in the hands of the more wealthy.'"

Mr. Allen, however, was a man of foresight. He wanted a bank in his Orleans County—and he got it. Furthermore, he was its president for many years.

For a while the bank was in a tavern, but President Ira H. deemed this an unsuitable location and put up a building on his own land, inviting the bank to occupy it. The annual rental started at \$15, but Allen abated \$12.50 because he wanted part of the space for his personal office.

In 1875, as a national, the bank moved to Barton, Vermont, and eventually became part of the present institution.

"We offer this story of our historical background," says the BARTON, "with a deep sense of gratitude to those sturdy pioneers whose farsighted efforts laid the foundations for our present modern institution. While the methods and scope of banking have changed greatly through the years, its continued success is still dependent upon those sterling qualities of honesty, conservatism and integrity that characterized its early history, and to which its present management is wholeheartedly devoted."

42 Inches of Debt

FROM the Oklahoma Public Expenditures Council, in Oklahoma City, arrives what at first glance seems to

"I'm starting to acquire some very valuable love letters"



February 1951

are **YOUR** *loans* *needlessly* *endangered?*

A recent survey conducted by BANKING showed that more than 95% of all banks contacted require prospective borrowers to furnish data regarding their fire and other insurance coverages. BUT, only about 5% check as to whether there are bonds on borrowers' employees.

Yet, businesses strong enough to weather serious fires can be wiped out by a sizable embezzlement. And, today's inflation has made large embezzlements more frequent!

Don't expose your loans to such hazards. Why not make sure that your customers' employees are bonded? Suggest that your borrower call our agent in your community if he lacks this vital protection.

AMERICAN SURETY GROUP

AMERICAN SURETY COMPANY
NEW YORK CASUALTY COMPANY
SURETY FIRE INSURANCE COMPANY

100 Broadway, New York 5, N. Y.

FIDELITY • SURETY • CASUALTY • INLAND MARINE • ACCOUNTANTS LIABILITY



Expeditious Accurate Action . . .

• In these days of national emergency, the handling of business and banking transactions often calls for quick action.

• When your need for action centers in the Philadelphia area, call on Central-Penn. We have been faithfully serving business, industry and banking here for over 120 years . . . your assurance that action will be both expeditious and accurate.

CENTRAL-PENN NATIONAL BANK OF PHILADELPHIA

MEMBER FEDERAL DEPOSIT
INSURANCE CORPORATION



THE BANKER WANTS TO KNOW—

about the contingent liability created by wide differences between original and replacement costs—the effect on balance sheet, profit and loss, insurance. Appraisal furnishes the answer.

The **AMERICAN
APPRAISAL**
Company

Over Fifty Years of Service
OFFICES IN PRINCIPAL CITIES

be just another mailing piece on the Government's indebtedness. Closer inspection, however, unfolds a novelty, for here's a different kind of presentation.

The outside leaf is a bar chart showing the national debt in a dozen different years beginning with 1874, on a scale of one inch equals \$6-billion.

The lines through 1914 are easily handled, but starting with 1919 they spill on to the next leaf of the folder—and 1950's is 42 $\frac{3}{8}$ inches long, requiring several folds of the leaflet.

Says the Council: "If the scale were one inch to \$1-million, this chart would be over four miles long!"

Another by Phil

TO BANKING's desk comes *Meet the Wife*, the third pamphlet reprint of little essays by W. A. PHILPOTT, JR., secretary of the Texas Bankers Association. Phil points out that the papers, which appeared originally in the *Texas Bankers Record*, avoid themes "having to do even slightly with the terrible mess in which the old world finds itself." There are some verses, too.

J.L.C.

By the Way . . .

Propaganda is the argument the other fellow presents so well it makes you angry.

Quiz: Is a golf course, the only place you find wooden-headed drivers?

The way canasta is replacing bridge they should save three or four bridge players for the Smithsonian Institution.

Success in business and sport depends partly on the breaks, but not in society.

"Company policy" means there isn't any understandable reason for this action.

There is seldom a heated argument between husband and wife. It's generally half-baked.

It makes a great deal of difference whether a man marries a pensive wife or an expensive one.

Some people want a religion that will make them feel respectable, but not require that they be.

A distinguished visitor stops to see the school savings department of The Society for Savings, Cleveland. Secretary of the Treasury John W. Snyder, left, watches while two young customers make out deposit slips. Mr. Snyder told the children that "thrift is the fundamental basis for our whole national success" and he urged them to take part in their country's progress by saving. With the Secretary is the Society's president, Mervin B. France



Chrysler Airtemp

THE ORIGINAL "Packaged" AIR CONDITIONER



THIS IS THE UNIT THAT COOLS THE NATION



HANDSOME CABINET
OCCUPIES AS LITTLE AS
3.7 SQ. FEET—CAN BE
PAINTED TO MATCH ANY
INTERIOR DECOR.

Chrysler Airtemp "Packaged" Air Conditioners have long been considered a "gilt-edged" investment by bankers throughout the country. It's an investment that pays constant dividends in increased goodwill, improved employee efficiency and tact, and reduces "hot-weather absenteeism." There's no wonder the trend is to Chrysler Airtemp.

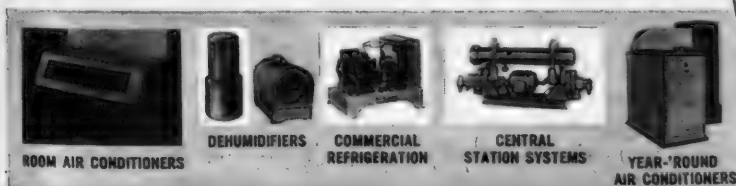
More Chrysler Airtemp "Packaged" Air Conditioners have been sold than any other make . . . and there's reason aplenty for their popularity. For *only* Chrysler Airtemp offers *all* 26 features vital to efficient and economical oper-

ation. These units are Endurance-Engineered for long, trouble-free service. Famous Sealed Radial Compressor "locks out" dust, dirt and moisture—has direct drive with no belts, wheels or pulleys to wear out—moving parts are bathed in oil for quiet, smooth operation. Five capacities (2-, 3-, 5-, 8- and 11-tons) meet every cooling need. They're easy to install and move, too. Only three simple connections required. Ask your nearby Chrysler Airtemp dealer (he's in the Yellow Pages) about the benefits a "Packaged" air conditioner can bring to your business. Or mail coupon to us today.

Chrysler Airtemp

AIR CONDITIONING • HEATING • COMMERCIAL REFRIGERATION

AIRTEMP DIVISION OF CHRYSLER CORPORATION, Dayton 1, Ohio



ROOM AIR CONDITIONERS

DEHUMIDIFIERS

COMMERCIAL REFRIGERATION

CENTRAL STATION SYSTEMS

YEAR-ROUND AIR CONDITIONERS

AIRTEMP DIVISION OF CHRYSLER CORPORATION
Dayton 1, Ohio
B-2-51
Please send me information on how Chrysler Airtemp
air conditioning can help me build business this summer.

Name _____
Address _____
City _____ Zone _____ State _____



A hungry hawk, failing to snare a flock of pigeons by direct attack, resorted to cunning. Calling down to their cote, he said: "Why live in constant fear, pigeons? Make me your king and I shall protect you from harm." The gullible pigeons agreed, and made the hawk their king; whereupon he issued an order that one pigeon would be sacrificed for his dinner each day.

In this same insidious manner, the "welfare state" threatens to make Americans swap their hard-won freedom for false security.

Abraham Lincoln said: "As I would not be a slave, so I would not be a master. This expresses my idea of democracy. Whatever differs from this, to the extent of the difference, is no democracy."



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FIREMAN'S FUND INDEMNITY COMPANY • WESTERN NATIONAL INSURANCE COMPANY • WESTERN NATIONAL INDEMNITY COMPANY



THE DETROIT BANK

Condensed Statement of Condition

December 31, 1950

RESOURCES

| | |
|--|---------------|
| CASH AND DUE FROM BANKS | \$123,648,585 |
| UNITED STATES GOVERNMENT OBLIGATIONS (Due or Callable within one year \$90,808,520) (Due or Callable 1 to 5 years \$165,201,605) | 304,833,164 |
| STATE AND MUNICIPAL SECURITIES (Due within 5 years \$16,560,685) | 21,815,573 |
| CORPORATE AND OTHER SECURITIES (Due within 5 years \$12,519,212) | 15,063,798 |
| LOANS AND DISCOUNTS | 79,745,985 |
| REAL ESTATE LOANS | 77,321,742 |
| FEDERAL RESERVE BANK STOCK | 585,000 |
| OTHER REAL ESTATE | 7,781 |
| BANK PROPERTIES AND EQUIPMENT (Main Office and Thirty-Four Branch Offices) | 3,202,269 |
| ACCRUED INTEREST AND PREPAID EXPENSE | 2,215,386 |
| CUSTOMERS LIABILITY ON ACCEPTANCE AND CREDITS | 107,017 |
| OTHER ASSETS | 93,660 |
| TOTAL | \$628,639,960 |

LIABILITIES

| | |
|---|---------------|
| DEMAND DEPOSITS: | |
| INDIVIDUALS, CORPORATIONS AND OTHERS | \$294,902,783 |
| U. S. GOVERNMENT | 9,393,689 |
| OTHER PUBLIC FUNDS | 17,638,466 |
| SAVINGS DEPOSITS | 276,527,076 |
| TOTAL DEPOSITS | \$598,462,014 |
| UNEARNED INTEREST | 1,254,939 |
| ACCRUED DIVIDENDS, EXPENSES AND OTHER LIABILITIES | 1,717,758 |
| ACCEPTANCES AND LETTERS OF CREDIT | 107,017 |
| PREFERRED STOCK (125,000 SHARES) | \$ 2,500,000 |
| COMMON STOCK (300,000 SHARES) | 6,000,000 |
| SURPLUS | 11,000,000 |
| PREFERRED STOCK RETIREMENT PROVISION | 2,500,000 |
| UNDIVIDED PROFITS | 4,389,381 |
| GENERAL RESERVES | 708,851 |
| TOTAL | \$628,639,960 |

United States Government Securities in the foregoing statement with a par value of \$16,790,000 pledged to secure public and other deposits where required by law, including deposits of the State of Michigan amounting to \$3,140,918.

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CHARLES A. DEAN, JR.
JOSEPH M. DODGE
CLAUDE M. HARMON
RALPH HUBBART
GEORGE W. MASON
JAMES McMILLAN
H. GRAY MUZZY
HARRY L. PIERSON
CLEVELAND THURBER
HERBERT B. TRIX
NATHAN T. VIGER
C. DAVID WIDMAN

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JOSEPH M. DODGE

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MILTON J. DRAKE
WENDELL C. GODDARD
WILLIAM B. HALL
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CLIFFORD H. HYETT,
and Cashier
CECIL S. HUNT
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HERMAN A. LOEFFLER
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35 Offices Throughout the City

MEMBER OF FEDERAL DEPOSIT INSURANCE CORPORATION

OVER ONE HUNDRED YEARS OF SERVICE



Florida's

POPULATION UP
46.1 PER CENT IN
10-YEAR PERIOD

Amazing gains in Florida's population—up 46.1 per cent since 1930—mean important new markets for the products of industry. And in all other major categories, from buying power to retail sales, Florida's gains are well ahead of the average of all the other states.

HOW MILD CLIMATE HELPS INDUSTRIES

Industry enjoys many plus factors in Florida due to its famous climate—lower turnover, less absenteeism, more output.

If you're looking for a profitable new location for your business or industry, look over Florida. Operating costs are moderate, and it's fun to live in Florida all the year round. Raw materials are abundant and are power and water. Excellent transportation facilities, and fine weather, too. Yes, there's opportunity in the Sunshine State! Look over Florida—the new markets and mild climate alone will help your business.

Florida

If you are interested in establishing or purchasing a business in Florida, write us! We will help you find your requirements.

STATE OF FLORIDA
709G Commission Bldg., Tallahassee



WHEN banks came under the Wage and Hour Law, which required them to pay time and one-half for overtime, our bank, like most others, tried to see that all employees kept to the 40-hour week and that except in unusual circumstances, no overtime payments were necessary.

There was one employee, however, who always seemed to find it necessary to work until 5 or 5:30. Since, apparently, she had too much to do to get through in the allotted time, several duties were taken away from her and placed with others; yet she seemed just as overworked as before, and was always to be found working busily late in the afternoon.

The personnel officer called her into his office to discuss the matter with her and see whether she was really too loaded down with work to handle it within the usual 40 hours. The young lady was quite frank about the matter.



"No, I don't think I have too much work to do," she said, "but you know I really don't ever feel much like working until about 3 o'clock in the afternoon, and so I just do most of my work from then on."

* * *

Back during the hectic days of World War II, of which we seem to

be approaching a review all too soon, our bank, along with the other banks of the nation, encouraged people to sign up for monthly deductions from their checking accounts for the purchase of United States War Bonds.

Among those who did so was a middle-aged couple who had never seemed able to accumulate any funds, although the husband had a very good auto repair business. It was the wife who signed up for the deduction, remarking that so far they had never saved anything and perhaps this was the way to start.

The deduction was promptly made by the bank the first of the next month—and then came trouble. Two days later the account became overdrawn, and then some more checks came in.

Calling at the bank in response to the usual stereotyped notice, the wife professed amazement. She ex-



hibited her check-book stubs, which agreed with the bank's record, except for one charge of \$75 the first of the month. "But I never drew any check for \$75!" she declared. Investigation showed that this was the authorized deduction for her War Bond subscription.

"But I had no idea you'd put that through until I got my bills all paid!" she exclaimed. "It wasn't fair to do that!"

"But the understanding was that the charge was to be made each month," explained the cashier. "Suppose there wasn't \$75 left after you had finished writing your monthly checks?"

"Well, the bank is the one that started this thing," she replied, "and collecting the money for the bond is your worry!"

BELLE S. HAMILTON

"Perfect Impression!"

INTERNATIONAL BUSINESS MACHINES CORPORATION
590 MADISON AVENUE
NEW YORK 22, N. Y.

Dear Sir:

The letters you send are important.
They should look important, too.

The distinctive typing and the even,
clear impressions of an Executive* model IBM
Electric Typewriter command attention, lend
grace and dignity to all typewritten work.

Public acceptance proves the IBM
Electric is the world's finest typewriter.
Surely, you'll want to investigate its many
advantages -- almost effortless typing, great-
er speed, economy, outstanding results, and
perfect impressions wherever your letters go.

Sincerely yours,



Only one typewriter in the world could have
been used to type the letter reproduced above—the
IBM Electric Typewriter, Executive model. Both this
model and the Standard model are available in a
wide choice of colors and type faces.



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- ☐ I'd like to see a demonstration
of the IBM Electric Typewriter.
☐ Please send brochure.

Name (please print) _____

Company _____

Address _____



Heard Along Main Street

Banker Little Celebrates His 100th Birthday

HENRY BAILEY LITTLE, president of the Institution for Savings in Newburyport (Massachusetts) and Its Vicinity, reached his 100th birthday on January 3.

On January 1 he was re-elected president for the 53rd consecutive term.

Mr. LITTLE, who goes to his 130-year-old bank every day, has been in the banking business since 1867. He is the father of LEON M. LITTLE, vice-president of the New England Trust Company, Boston, and former president of the A.B.A. Trust Division and the Massachusetts Bankers Association.

So important an anniversary was, of course, the occasion for a celebration, and Mr. LITTLE's associates and friends gathered to honor him. Taking part in a reception at the bank were four other veteran officers of the institution: Vice-president and Treasurer WILLIAM BALCH, 81,

with 63 years in banking; Vice-president ROBERT S. BROWN, 81, a banker for 34 years; Secretary HALLET W. NOYES, 66, with a 49-year service record; and Vice-president JEROME A. HARDY, 74, who's been a banker for 39 years.

When Mr. LITTLE, at the age of 16, was graduated from high school he got a job as messenger for the First National Bank at \$3 a week.

He became president of the Institution for Savings, the third oldest savings bank in Massachusetts, in 1899. In 1894 he started the First National Bank in Ipswich and was its president until 1901 when a new state law prevented the same person from holding the presidencies of both a state and a national bank.

In its story about his anniversary the Newburyport *News* called him "the grand old man of Newburyport and American banking." His mother lived to be 99 and he has a sister, Eliza Little, living in the old homestead, who was 90 years old Janu-

ary 9, 1951. Four of his nine children are living.

Mr. LITTLE is the only surviving member of his high school class of 1867. At school he was a mathematics "shark," and got a grade of 99.9 for each of his four years. The teacher just wouldn't mark him 100.

On his birthday 200 friends called to congratulate him. Newburyport church bells rang in his honor. At its annual meeting January 1 the bank's corporation passed a congratulatory resolution.

R. F. Maddox Honored

ROBERT F. MADDOX, a director and former president of the First National Bank, Atlanta, and former president of the American Bankers Association, was honored by the board of governors of the Capital City Club, Atlanta, as a member of the club since 1892 and its president from 1912 to 1914. Mr. MADDOX received a gold membership card from

(CONTINUED ON PAGE 20)

Henry Bailey Little, president of the Institution for Savings, Newburyport, Mass., cuts his 100th birthday cake while his son, Leon M. Little, Boston banker, watches



Five veteran officers of the Newburyport Bank: Left to right, Vice-president and Treasurer William Balch, 81; vice-president Robert S. Brown, 81; Secretary Hallet W. Noyes, 66; President Little, 100; and Vice-president Jerome A. Hardy, 74. The picture was made at the bank's reception for its president



"The way we do it, Larry, is to have our brokers deliver the securities to Bankers Trust in New York for our Custodian Account. It saves time and trouble...."



Here's a safe, easy way to handle { your bank's securities your customers' securities

As you know, the details involved in properly handling securities—either your bank's or your customers'—can be troublesome and time-consuming.

When you have a Custodian Account at Bankers Trust you free yourself of the details in connection with the technical servicing and physical safeguarding of these securities.

In addition, our location in the nation's key securities market gives you two important advantages when securities are purchased or sold—minimum exposure to risk and speedy physical handling.

Servicing of securities in a Custodian Account includes the collection and crediting of maturing or called securities and all income—purchase and sale, receipt and de-

livery of securities as you direct—notice of subscription rights and exchanges. Upon completion of all transactions you receive detailed advices that contain the necessary data for tax reports.

Your orders to buy or sell will be handled by Bankers Trust if you desire, or you may place them with your own brokers or dealers.

Securities in a Custodian Account are lodged in our modern vaults, kept separate from those in other

accounts and are always under your complete control.

Hundreds of out-of-town banks, corporations, educational institutions, insurance companies and similar organizations are using this safe, time-saving means of handling securities.

Without obligation, you are invited to write for complete information. Please address Custodian Division, 16 Wall Street, New York 15, N. Y.

BANKERS TRUST COMPANY NEW YORK

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



\$10 Million Daily Trade . . .

That's a measure of the two-way flow of goods across the Canadian-U. S. border! Why not explore the opportunities for expanding *your* business in this vast market?

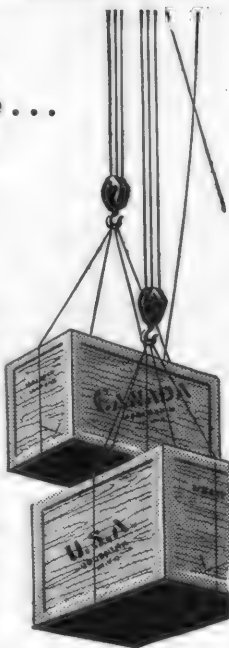
U. S. business men buying, selling and manufacturing in Canada realize they can rely on *The Canadian Bank* to give constructive, efficient banking service and valuable market information. Why not call on *The Canadian Bank* yourself?

These facilities are at the disposal of American banks in behalf of their customers.

The Canadian Bank of Commerce

Head Office—Toronto

New York • San Francisco • Los Angeles • Seattle • Portland, Ore.
and nearly 600 Canadian Branches



MOVE OVER

Just four years ago we moved into our nice new Chicago plant and, as we viewed the sixty thousand feet spread out on one floor, we felt content that at last we had acquired commodious quarters. But now once again we contemplate the task of pushing out the walls or rearranging the production flow because our space needs have grown in no small measure.

It so happens that this change-over is needed anyway, although we probably would not get at it for some time were it not for the fact that we are bumping into each other. What we thought four years ago represented the ideal arrangement is now more or less outmoded. What we called "streamlined production" is now rated cumbersome in the light of recent improvements.

True enough, our output in Chicago is up 35 %, which naturally necessitates the addition of a lot of new equipment, and of course new machines mean more people. Just the same, it seems like a very short time to develop growing pains, especially since we have not been conscious of any great influx of new business.

Well anyway, we like it even if it does mean more work. It certainly is more satisfying to make room for a new press than it is to cover one with a tarpaulin. Static is something we tolerate in a radio, but thank goodness it doesn't exist in business. Of all the things we strive to maintain, status quo is not one of them. This growth, if we may be permitted to commercialize our thinking, is probably due to our delivering a little extra in the way of quality and service.



Manufacturing Plants at:

NEW YORK, PAOLI, CLEVELAND, CHICAGO, KANSAS CITY, ST. PAUL



ATLANTA JOURNAL

Mr. Maddox

(CONTINUED FROM PAGE 18)

the present head of the club, George C. Biggers.

A Sunday edition of the *Atlanta Journal and Constitution* published a full-page illustrated article on the first half of the century in Atlanta, "from the vantage point of ROBERT F. MADDOX."

"More than any other Atlantian," it said, "Mr. MADDOX can with justification be called the Father of His City. He has been mayor, county commissioner, builder, banker, planner and a foremost leader in cultural upbuilding. His great contributions have been made quietly and modestly. Recognition of his immense abilities and study character have come in a host of honors, directorships and offices."

The banker was born in 1870, and elected president of the American Bankers Association at the Chicago convention of 1918.

ORMAND MILTON, an assistant vice-president of Bankers Trust Company, New York, has resigned to become special consultant to the Director of Finance, USAF, in Washington. He will advise and assist the Air Force in contract financing. He was with the bank for 16 years.

MILLARD F. CALDWELL, head of the Civilian Defense Administration, is president of the Tallahassee (Florida) State Bank. Mr. Caldwell was Governor of Florida from 1945 through 1948.

(CONTINUED ON PAGE 22)

FIELD WAREHOUSING

Warehouse Receipt Loans Against Inventory

Wartime economy is sure to increase the need for inventory financing. . . Among your customers will be some who will want loans in excess of their open-line credit . . . By establishing a bonded warehouse operation on the borrower's own premises, through the use of our Field Warehouse service, the way is open for such loans. Warehouse Receipt Loans against raw materials or finished goods when backed by our extensive operating experience, proven integrity, liberal insurance, and substantial resources, are safe loans. We invite your inquiry.

★

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New York Terminal Warehouse Company
25 SOUTH WILLIAM ST., NEW YORK 4, N. Y.



Nature's Warning of what's to come..

When the small furrows of sheet erosion show, it's high time a conservation program be put to work! Even though it may take a good many heavy downpours to highlight the damaging effects, each rain takes its toll of top soil.

Conservation is good business anytime. Using land to its best advantage — rotating crops, leaving grassed waterways, contouring, strip-cropping, building ponds, planting marginal sections to grass and timber — helps insure a more prosperous agriculture. It pays off in terms of easier farming and higher yielding crops . . . and at the same

time, helps preserve productive land for the generations to come.

If we're to save our dwindling supply of rich top soil, we must work together. Conservation demands teamwork. Saving our soil is a job for all of us — for we who design and build farm machinery . . . for the farmers who use it . . . and for you, the agricultural specialists, who work with and guide our 6 million farmers.

THE MASSEY-HARRIS COMPANY

Quality Avenue • Racine, Wisconsin
Manufacturers of tractors, combines, corn pickers, forage harvesters and a full line of other farm machinery engineered and built for better farming.

FOR PROFITABLE
FARMING

Make it a Massey-Harris



W. E. Borden



Reed Sass

(CONTINUED FROM PAGE 20)

The executive committee of the National Shawmut Bank, Boston, has appointed WALTER E. BORDEN senior vice-president and general manager of the bank. He will serve as chief executive officer under President WALTER S. BUCKLIN. Mr. BORDEN is a graduate of the United States Naval Academy, Class of 1916, and served with the Navy from 1912 to 1920. He has been with the Shawmut since 1928, most recently as vice-president.

REED SASS and JACK KELLY have been made assistant vice-presidents at the Fort Worth National Bank. MAURICE SINGLETON and JAMES E. SMITH were elected assistant cashiers and SAM P. BEATY was named assistant trust officer.

New vice-presidents at the Continental Illinois National Bank and Trust Company of Chicago: HOMER A. BURNELL, EDWARD M. CUMMINGS, CARL L. JOHNSON, JOHN F. MCGUIRE, JR., WILHELM R. MESENBRINK, ROBERT C. SUHR, DAVID M. KENNEDY, EDWARD D. BENNINGHOVEN, FREDERICK W. HAWLEY, JR.

The Federal Reserve Bank of Dallas has made these reappointments of branch directors: El Paso, W. H. HOLCOMBE, executive vice-president, Security State Bank, Pecos; Houston, R. LEE KEMPNER, chairman of executive committee, United States National Bank, Galveston; San Antonio, E. R. L. WROE, president, American National Bank, Austin.

Guaranty Trust Company of New York announces the promotions of R. ALTON ATKINSON, ERNEST L. COLEGROVE, LAURENCE E. DALTON and HARRY W. KNUDSEN to vice-presidencies. New second vice-presidents are CHARLES F. BOUND, WILLIAM MCK. LEWIS, JOSEPH F. LORD, J. ARTHUR MCKAIG and RICHARD V. WHELAN.



G. W. Campbell



F. J. Ludemann

GUS W. CAMPBELL has been made a vice-president of the Chase National Bank of New York, in charge of personnel. During World War II Mr. CAMPBELL conducted a war plant training program in the New York area and has since been president of a firm of business consultants in New York. He recently conducted a training program for supervisors at the Chase.

FRANCIS J. LUDEMANN, deputy superintendent in the New York State Banking Department, has been appointed vice-president and secretary of The Manhattan Savings Bank, New York City, succeeding CARL A. RICHTER who is retiring after 48 years. As deputy superintendent Mr. LUDEMANN was in charge of savings banks and trust departments of savings banks.

JOHN H. PILLSBURY recently celebrated the 40th anniversary of his directorship of Northwestern National Bank, Minneapolis. He was guest at a board luncheon at which President JOSEPH F. RINGLAND and J. CAMERON THOMPSON, president of Northwest Bancorporation, paid tribute to his long service.

(CONTINUED ON PAGE 26)

When the Seattle First National Bank recently organized a Quarter Century Club, gifts of silver service or watches were presented to qualifying staffers. In the picture Vice-president Howard Bingaman and Board Chairman Lawrence M. Arnold



Industrial Sites Still Available in **FAIRFAX** (Kansas City Area)

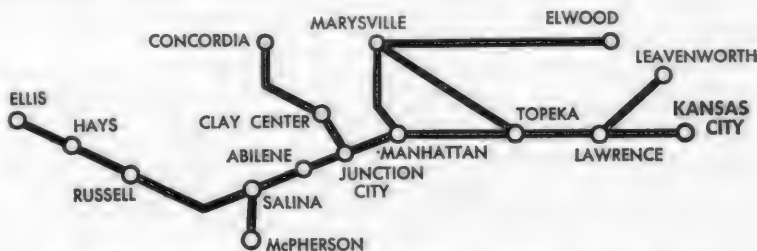
*One of the fastest growing industrial developments
in the midwest*

● There are approximately 240 acres of Fairfax Industrial District (Kansas City) available for sale or lease to industries—particularly to those seeking an ideal location for decentralization.

Fairfax is about 88 per cent utilized by industries such as the Great A. & P. Tea Co., General Motors, Gustin Bacon, Chrysler, Socony-Vacuum, Owens Corning, Simmons, Sunshine Biscuit, Sealright, and about fifty other national and local industries—with

in the 2,000 acre Fairfax District.

Among the advantages at Fairfax, essential to modern-day industrial requirements, are a ready supply of skilled and unskilled native labor, all necessary utilities such as underground telephone, telegraph and principal power lines . . . 60-foot reinforced concrete roads with 5-foot walks on each side, classification yards and a two-way radio system for fast handling of freight.



For further decentralization, other industrial properties along the Union Pacific in Kansas, are available in Topeka, Salina, Leavenworth, Lawrence, Manhattan, Junction City, McPherson, Hays, Concordia, Abilene, Russell, Clay Center, Marysville, Ellis and Elwood.

Systemwide, Union Pacific's industrial plant opportunities include sites in these eleven States: KANSAS, NEBRASKA, COLORADO, UTAH, WYOMING, IDAHO, MONTANA, NEVADA, CALIFORNIA, OREGON and WASHINGTON.

For detailed, confidential information please write:

INDUSTRIAL PROPERTIES DEPARTMENT
UNION PACIFIC RAILROAD ROOM 108
OMAHA 2, NEBRASKA

UNION PACIFIC RAILROAD

HOW TO KEEP YOUR EMPLOYEES

(A special crime control service)

by MR. FRIENDLY



A CYNIC has said, "Every man is as honest as he has to be!"

And when many a payroll or cash register practically shouts, "Help yourself!" it's easy to understand why staggering sums are lost annually through fraud.

But more than money is lost... A company's reputation suffers... the financial officer loses prestige... insurance rates are increased... and an employee turned thief is an irreplaceable human loss.

To help close the many loopholes in business operations that invite dishonesty, American Mutual made a thorough

study of fraud possibilities and methods of prevention... as well as physical safeguards for burglaries, holdups and thefts.

This important information, along with diagrammatic charts showing division of duties for effective controls, has now been incorporated in a book entitled, "Crime Loss Control."

As a special service, we've sent this book free to every American Mutual crime policyholder. Another example of the extras we try to offer, at a savings second to none!

AMERICAN MUTUAL ... the first American liability insurance company

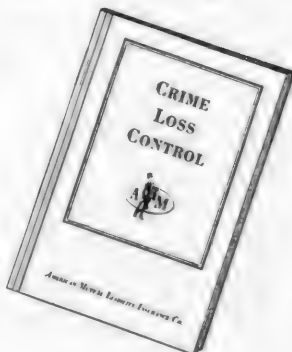
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A LIMITED OFFER
TO ACCOUNTING
AND FINANCIAL
EXECUTIVES →



BECAUSE there are only a limited number of copies of our new book, "Crime Loss Control" ... and because it will be helpful only to those principal executives dealing in company finances, we hope you'll forgive us when we say, if you wish a free copy, *your request must be made on executive stationery of recognized companies.* Write: Dept. B-1, American Mutual Liability Insurance Company, 142 Berkeley Street, Boston 16, Mass.

**SAVE 24% OF TIME
In Machine Filling!**

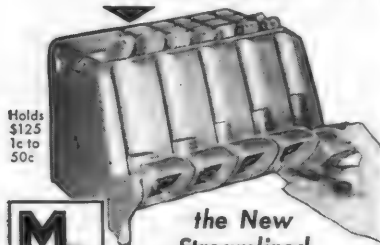
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TUBULAR
COIN WRAPPERS

USED for years by thousands of banks, here indeed is the perfect tubular coin wrapper. Packs flat, to save storage space, but pops open instantly and perfectly when pressed between thumb and finger. Six colors for six different coins, each fitting perfectly. One trial will convince.

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World's Largest Mfrs. of Coin Wrappers

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\$125
1c to
50c

M.P. Jr. the New Streamlined COIN CHANGER

SMALLER
8" x 10" x 6 1/4"

LIGHTER
9 pounds net

Exclusive feature—hidden currency and check box under removable top tray.

In banks, chain and department stores, financial institutions, factories, PX's, ticket offices, etc.—wherever quick, accurate change making is a problem—they all say the new M.P. Jr. semi-automatic is tops. Modern streamlining does it. Provides both better appearance and smoother, more efficient operation. And the clincher—with all its features, the M.P. Jr. is actually the lowest priced streamline design changer on the market. At leading stationery and office supply dealers.

Only

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Send literature on M.P. Jr. and nearest dealer's name.

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Address _____

City _____

State _____

(CONTINUED FROM PAGE 23)

WALTER R. WILLIAMS, JR., has been elected a vice-president of the Union Dime Savings Bank, New York, succeeding Vice-president EDMUND P. LIVINGSTON, retired. Mr. WILLIAMS is also treasurer.

Elected at the Philadelphia National Bank: vice-presidents, SHALER STIDHAM, AUGUSTUS L. RAFFETTO, T. GRAYDON UPTON; assistant vice-presidents, ROBERT V. WEHRHEIM, EDMUND J. TONER, JOHN W. MULLIKIN, WALTER H. JOHNSON, JOHN F. KRAMER, E. CHANDLEE ARCHER; assistant cashiers, JAMES V. HUSTED, JOHN J. MILLIGAN, RALPH F. GORDANO, J. LEWIS NUNGESSER, DANIEL H. ORT, HENRY V. MINERY; auditor, WILLIAM F. WATTERS; assistant auditor, HARRY E. JOHNSON.

S. SLOAN COLT, president of Bankers Trust Company, New York, has been elected treasurer of the United States Council, International Chamber of Commerce.

NEWBOLD MORRIS, former president of the New York City Council, has been elected a trustee of The Bank for Savings, New York.

Elections at California Trust Company, Los Angeles: Trust officer, L. M. ECKERT; assistant trust officers, HOYT MITCHELL and G. H. ZIMMER; secretary, E. L. JOHNSON.

Promotions at the Manufacturers Bank and Trust Company of St. Louis include: Vice-president, EDWARD A. BIRCHER; vice-president and trust officer, HUGH B. ROSE; secretary, RAYMOND F. REININGER; treasurer, ELMOND A. ETTER; assistant vice-president, RAYMOND R. KROMNACKER.

Vice-president A. K. PARKER of First and Merchants National Bank of Richmond, Virginia, has retired after 48 years with the bank.

JOHN C. BAXTER has been elected vice-president of the First American National Bank of Nashville.



A. K. Parker



J. C. Baxter



G. O. Nodyne



B. H. Wooten

BEN H. WOOTEN, president of the First National Bank in Dallas, has been named the city's top salesman of 1950 by the local Dallas Sales Executive Club. In making the presentation Gordon Durden, club president, referred to the banker as "super salesman, outstanding citizen," and cited his part in civic activities.

East River Savings Bank, New York, has promoted GEORGE O. NODYNE, to executive vice-president. He is a former president of New York Chapter, American Institute of Banking. CHARLES C. JOYCE was designated administrative vice-president and elected secretary. JAMES A. DUDDY will succeed Mr. JOYCE as treasurer. Newly appointed vice-presidents are HENRY J. MONSEES, THEODORE J. KEGELMAN, GEORGE A. SMYTH, and ARTHUR E. KRONER. Mr. NODYNE was later elected a trustee.

CHARLES W. SNYDER has been elected assistant cashier at the First National Bank in Palm Beach.

HARRY H. SALK has been elected a vice-president of American National Bank and Trust Company, Chicago. BYRON E. LEMING and LEON J. GELL were made assistant vice-presidents.

Promotions at the Manufacturers National Bank of Troy, New York: Vice-president, GEORGE F. BARRETT; assistant vice-presidents, LESLIE W. TRUAX and LELAND H. IVES; assistant cashiers, JAMES O. BOYD, JOSEPH P. RILEY and CHARLES E. THEROUX.

(CONTINUED ON PAGE 28)



H. H. Salk



E. A. Bircher

New business means increased revenue for you...

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▲ Architect: R. R. Shaw, A.I.A., Capitol Company, Los Angeles, California.



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2. Make a bid for larger deposits from merchants by granting them loans with which to modernize their stores. Modernization programs are good risks.

3. Improve store properties handled by your bank, thereby attracting new tenants, keeping present tenants satisfied, increasing revenues.

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When you make your plans for remodeling, remember to ask your architect about Pittsburgh Products . . . the recognized leaders among store modernization materials. In

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Without obligation on our part, please send us your FREE booklet on modernization, "Modern Ways for Modern Days."

Name.....

Address.....

City..... State.....



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PITTSBURGH PLATE GLASS COMPANY

(CONTINUED FROM PAGE 26)

Promotions at the Wells Fargo Bank & Trust Company, San Francisco: Assistant vice-president, L. H. BRINCK; trust officers, FRED B. HACK, F. E. CANATAY; assistant cashiers, ARTHUR S. ELLSWORTH, JAMES A. HERBERT, RICHARD E. HAYMAN, EMMET W. LUTTRELL; trust officer, ROBERT T. SCOTT.

EMANUEL SCHWARTZ and EMANUEL WEINREB have been appointed assistant vice-presidents at The Public National Bank and Trust Company of New York.

Appointments at the National Newark and Essex Banking Company, Newark, New Jersey: Executive vice-president and cashier, GUSTAV E. WIEDENMAYER; assistant vice-presidents, ADDISON K. BARRY, WILLIAM C. SCHENCK, JR.; assistant cashier, LOUIS STERN; assistant comptroller, JAMES MCCracken III.

The Bank of California, National Association, San Francisco, announces these promotions: Vice-president and foreign department manager, HOWARD HUTCHINS; assistant vice-president and secretary, JOHN L. STANLEY; assistant vice-president, ROBERT L. SHEARN.

PAUL M. DAVIS, chairman of the First American National Bank of Nashville, has been elected to the Federal Advisory Council for the Sixth Federal Reserve District.

JAMES J. CARROLL, formerly manager of the planning department and assistant secretary of the Federal Reserve Bank of New York, has been appointed assistant vice-president. EDWARD G. GUY was made assistant secretary. Newly appointed managers are ANGUS A. MACINNES, JR., HERBERT A. MUETHER, ARTHUR H. NOA, GUSTAV OSTERHUS, and A. CHESTER WALTON. HARDING COWAN is now assistant counsel.

The Bowery Savings Bank of New York has elected HARRY HELD, HARRY C. BURGESS, WILLIAM H. SWITZER, WILLIAM LUMSDEN and JOHN M. OHLENBUSCH as vice-presidents. Other promotions: KENNETH E. M. HALL and MONTAGUE T. SMITH, assistant vice-presidents; WALTER H. TIETJEN, assistant secretary; GEORGE F. BUTLER, principal executive assistant.

CHESTER C. DAVIS resigned the presidency of the Federal Reserve Bank of St. Louis to become one of the managers of the \$238-million Ford Foundation which became operative January 1.

CHARLES C. CLOUGH, administrative vice-president of Manufacturers Trust Company of New York, has been elected a director.

ISAAC B. GRAINGER and GILBERT H. PERKINS have been elected to the new position of executive vice-president of the Chemical Bank & Trust Company, New York. Mr. PERKINS is a member of the American Bankers Association's Committee on Federal Legislation and chairman of the Committee on Correspondent Bank Relations of the Association of Reserve City Bankers.

The First National Bank of Chicago has promoted to vice-president: LESLIE H. DREYER, JOHN E. DRICK, PAUL E. FARRIER, GLENN M. FORGAN, and THOMAS G. JOHNSON. New assistant vice-presidents are: GUY A. CRUM, JOHN S. GLEASON, JR., J. RUSSELL HANSON, JOSEPH J. KABERNA, CHARLES F. NEWHALL, R. KENNETH NEWHALL, CLARENCE J. RUETHLING, GEORGE F. SISLER, KENNETH G. MORTON, and ROBERT S. SWAIN. JAMES P. BAXTER, CHARLES E. BRANDRIFF, GORDON T. SHEARER, HAROLD H. HAWES, were made trust officers.

FRANCIS H. BEAM, vice-president in charge of the banking department

These employees of the Lincoln Savings Bank of Brooklyn are being taught the fundamentals of artificial respiration by Red Cross instructors. The picture was taken while the staffers were being photographed for a national newsreel which will start the Red Cross \$85-million drive in March. The bank's first aid class numbers 102 employees



at The National City Bank of Cleveland, was named senior vice-president. He is also a director.

Elections at The Omaha National Bank: Vice-president, STEPHEN J. WIRTZ, A. J. RHODES; assistant cashier, STANLEY V. KADAVY, CLARENCE C. JONES, MORRIS F. MILLER, THOMAS D. WILLIAMS.

JOE D. ALLEN, formerly president of the First National Bank, Eagle, Colorado, has been elected president of the Stockyards National Bank of Kansas City, Missouri. Mr. ALLEN, a former president of the Colorado Bankers Association and a former director of the Denver branch of the Federal Reserve Bank of Kansas City, succeeds in the Stock Yards' presidency JAMES M. KEMPER, JR., who was made board chairman.

Promotions at the Republic National Bank of Dallas include: Vice-presidents, JAMES E. MASSEY, LEON ROGERS, W. DONALD WHITE; trust officers, ROBERT R. FERGUSON, E. B. FOWLER, A. J. MASON, T. G. SMITH, J. H. WARNER; assistant vice-presidents, HAYS E. BASSETT, GENE BRIDGES, NICHOLAS ROBERTS.

La Salle National Bank of Chicago announces these advancements: Assistant vice-president, JOSEPH K. CLARK, WILLIAM G. DAHL; trust officers, ROGER B. BRINKMAN, LESTER S. CAIN; assistant cashier, ERNEST E. FUMASOLI.

Newly appointed officers at The Northern Trust Company, Chicago, include: Vice-presidents, SAMUEL G. CREDEN, LAWRENCE A. KEMPF, HENRY M. BODWELL, LOREN B. ALLEN, E. LEROY HALL, JOHN WILLS (also economist); second vice-presidents, ROBERT A. GOSLING, JOHN A. HARDER, DANIEL O'DAY; assistant cashier, THOMAS A. BARR; assistant secretaries, COLBY A. COGSWELL, FRANCIS W. HAUSMANN; advertising manager, JOHN E. O'LOUGHLIN.

The National City Bank of New York has appointed H. HAROLD WHITMAN, JOHN M. POTTER, and PERCY WEST to vice-presidencies.

FRANK B. MORGAN, formerly vice-president and comptroller of the Title Guarantee and Trust Company of New York, has joined the Ameri-



Western Savings Bank of Buffalo opened its doors to the activities of the Red Cross bloodmobile. Donors registered in the lobby, were examined, and then gave their blood in the trustees' room, above, where they rested and were served coffee and doughnuts

can Security and Trust Company of Washington, D. C., as comptroller. JAMES F. WILLETT and JOHN R. NEALE were elected vice-presidents and JESSE S. CHEYNEY, HENRY E. FOULDS, MALVERN F. MORSE and ALFRED T. SOUDER were made assistant trust officers.

Malden (Massachusetts) Trust Company has elected HOWARD N. FLANDERS to the board chairmanship. He succeeds the late GEORGE H. COREY.

President JOSEPH F. RINGLAND of the Northwestern National Bank, Minneapolis, has been reelected to the Federal Advisory Council.

ALEXANDER E. LAPOINTE, formerly vice-president and trust officer of Title Guarantee and Trust Company, New York, has been elected vice-president and trust officer of the Manufacturers National Bank of Detroit.

Union Planters National Bank & Trust Company, Memphis has promoted WAYNE B. CLARK, W. PORTER GRACE and JOHN M. PICKENS to the office of vice-president. EARL L. MCCARROLL, WILLIAM J. ARMSTRONG and J. W. PINNER were made assistant vice-presidents.

Baltimore National Bank has made JOHN H. CROKER vice-president and trust officer, and PHILMORE W. GEOGHEGAN and GODFREY A. HERDER assistant cashiers.

Guaranty Trust Company of New York

140 Broadway

Fifth Ave. at 44th St. Madison Ave. at 60th St. Rockefeller Plaza at 50th St.

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Condensed Statement of Condition, December 31, 1950

RESOURCES

| | | |
|--|------------------|---------------------------|
| Cash on Hand, in Federal Reserve Bank, and | | |
| Due from Banks and Bankers | \$ | 731,102,226.19 |
| U. S. Government Obligations | | 802,887,596.04 |
| Loans and Bills Purchased | | 1,230,658,065.19 |
| Public Securities | \$107,007,990.32 | |
| Stock of Federal Reserve Bank | 9,000,000.00 | |
| Other Securities and Obligations | 19,693,338.04 | |
| Credits Granted on Acceptances | 8,202,255.82 | |
| Accrued Interest and Accounts | | |
| Receivable | 8,771,883.87 | |
| Real Estate Bonds and Mortgages | 18,041,983.18 | 170,717,451.23 |
| Bank Premises | | 5,037,488.67 |
| Other Real Estate | | 16,776.40 |
| Total Resources | | \$2,940,419,603.72 |

LIABILITIES

| | | |
|--------------------------------------|-------------------------|---------------------------|
| Capital | \$100,000,000.00 | |
| Surplus Fund | 200,000,000.00 | |
| Undivided Profits | 74,386,331.95 | |
| Total Capital Funds | | \$ 374,386,331.95 |
| Deposits | | 2,503,009,999.71 |
| Foreign Funds Borrowed | | 150,000.00 |
| Acceptances | \$ 15,574,299.55 | |
| Less: Own Acceptances Held for | | |
| Investment | 4,749,290.47 | |
| | \$ 10,825,009.08 | |
| Dividend Payable January 15, 1951: | | |
| Regular | \$3,000,000.00 | |
| Extra | 2,000,000.00 | 5,000,000.00 |
| Items in Transit with Foreign | | |
| Branches | 2,655,727.40 | |
| Accounts Payable, Reserve for | | |
| Expenses, Taxes, etc. | 44,392,535.58 | 62,873,272.06 |
| Total Liabilities | | \$2,940,419,603.72 |

Securities carried at \$94,779,231.47 in the above statement are pledged to qualify for fiduciary powers, to secure public moneys as required by law, and for other purposes.

J. LUTHER CLEVELAND
Chairman of the Board

WILLIAM L. KLEITZ
President

DIRECTORS

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F. W. CHARSKIE Chairman, Executive
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J. LUTHER CLEVELAND Chairman of the Board
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JOHN A. HARTFORD Chairman of the Board,
The Great Atlantic & Pacific Tea Company
CORNELIUS F. KELLEY Chairman of the Board,
Anacosta Copper Mining Company
MORRIS W. KELLOGG Chairman of the Board,
The M. W. Kellogg Company
WILLIAM L. KLEITZ President
CHARLES S. MUNSON Chairman of the Board,
Air Reduction Company, Inc.
WILLIAM C. POTTER Retired
GEORGE E. ROOSEVELT of Roosevelt & Son
CARROL M. SHANKS President,
The Prudential Insurance Company of America
EUGENE W. STETSON Chairman, Executive
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THOMAS J. WATSON Chairman of the Board,
International Business Machines Corporation
ROBERT W. WOODRUFF Chairman,
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The Cedarhurst bank staff that helped the Community Chest

The staff of the new Hewlett office of the PENINSULA NATIONAL BANK, Cedarhurst, New York, volunteered to process the funds received in the regional community chest campaign covering five Long Island towns. The bank also sponsored newspaper advertising in support of the drive.

Elections at the Harris Trust and Savings Bank, Chicago: Vice-president and trust counsel, TIMOTHY S. KILEY; vice-presidents, ARTHUR G. OSGOOD, DONALD O. WATERBURY; assistant vice-presidents, HENRY S. KAHN, RICHARD E. RAMSAY, ALBERT T. ERICKSON, HENRY L. PARKER.

President SIDNEY B. CONGDON of the National City Bank of Cleveland has been reappointed to the Federal Advisory Council from the Fourth Federal Reserve District.

The CHASE BANK, overseas affiliate of THE CHASE NATIONAL BANK of New York, has discontinued its branch in Hong Kong. WINTHROP W. ALDRICH, the bank's chairman, said that in order to avoid financing trade with Communist China, the Chase drastically curtailed branch operations in the British colony immediately after the Chinese invasion of Korea. This action, and compliance with Treasury regulations prohibiting transactions involving nationals of Communist China, had resulted in almost complete stoppage of business at the branch, which is being liquidated.

HERMAN VAN MAANEN has been elected a vice-president of the First National Bank in Dallas.

MEREDITH C. JONES, senior vice-president of the First National Bank in St. Louis, is a new director of

the Washington University Corporation.

ARTHUR K. KLEEMAN, president of the Colonial Trust Company, New York, has been made an honorary citizen of New Orleans by Mayor Morrison. The honor was bestowed in appreciation for a bank window display featuring New Orleans.

RUSSELL H. EICHMAN and A. E. STALEY are newly elected assistant vice-presidents of Central National Bank of Cleveland.

The First National Bank of Minneapolis has promoted GEORGE S. HENRY, KENNETH T. MARTIN and C. E. CORCHAN to vice-president.

The FIRST NATIONAL BANK IN DALLAS has received a plaque from the Disabled American Veterans in appreciation of the bank's service to the organization over a period of more than 20 years. The citation said the First's officers had served as chairmen of the local DAV finance committee and that the bank had handled money received in the organization's forget-me-not sales.

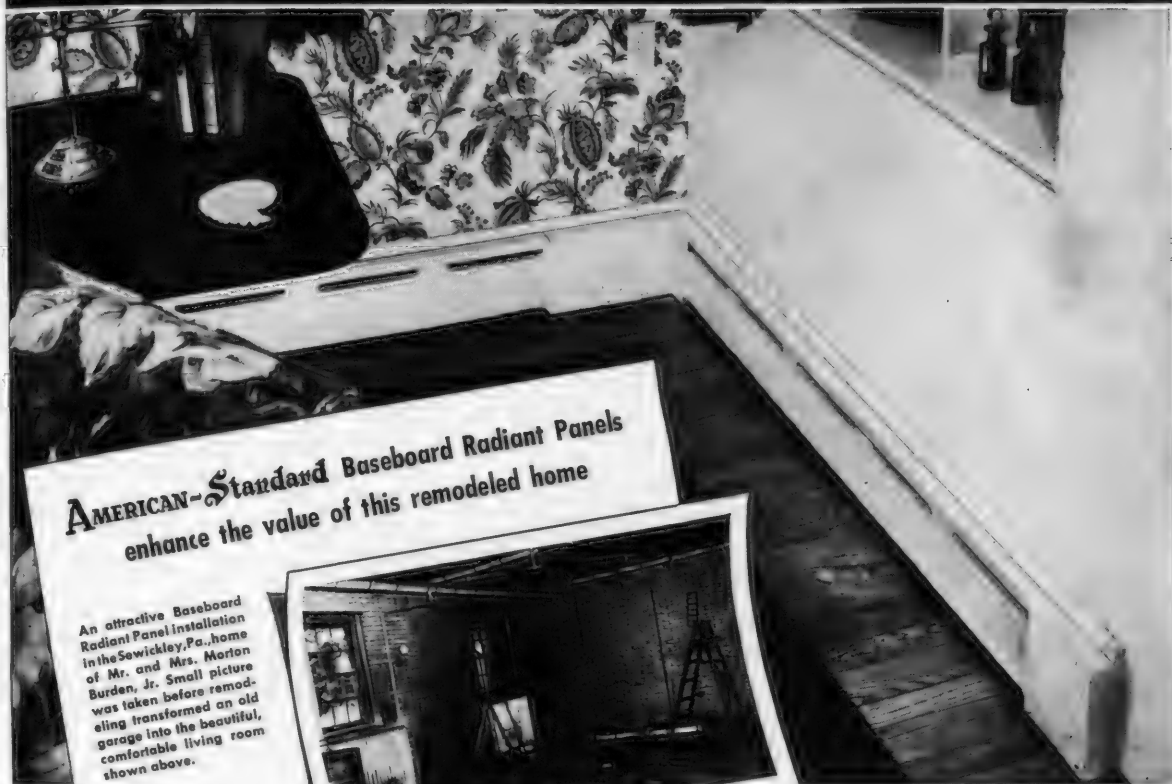
The 1,000th weekly radio broadcast by "The Northerners," sponsored by THE NORTHERN TRUST COMPANY of Chicago, was the occasion for special promotion by the bank and Station WGN. Mayor Martin H. Kennelly of Chicago and other prominent guests appeared on a 30-minute warmup broadcast preceding the regular spot. Station Director Frank P. Schreiber presented a plaque to the bank's president, SOLOMON A. SMITH.

At "The Northerners" 1,000th broadcast, l. to r.: Northern Trust's President Smith; Executive Vice-president Solomon B. Smith; Mr. Schreiber; Executive Vice-president Edward B. Smith; Mayor Kennelly



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First in heating...first in plumbing



AMERICAN-Standard Baseboard Radiant Panels
enhance the value of this remodeled home

An attractive Baseboard Radiant Panel installation in the Sewickley, Pa., home of Mr. and Mrs. Morton Burden, Jr. Small picture was taken before remodeling into the beautiful, comfortable living room shown above.

Modernization Loans for Heating and Plumbing ...THE SOUNDEST KIND OF INVESTMENT OPPORTUNITY

Everything FOR EVERY HEATING AND PLUMBING NEED . . .

The American-Standard line is the most complete in the industry . . . and offers the widest flexibility in designing and styling for structures of every type and size, from individual houses to multiple dwelling units.



In the light of current restrictions on new construction, and tighter credit on many household items and term purchases, loans for modernization provide a real investment opportunity, because:

1. Under prevailing regulations, products for permanent home improvements such as heating and plumbing can be financed for as little as 10% down and on terms up to 30 months.
2. The market for such loans is tremendous. Fully half of the homes in your community need new heating or plumbing. Smart looking Baseboard Radiant Panels, as in the modernization job shown above. An extra bathroom. A powder room. A new boiler or furnace, or conversion

burner. Or new sink and cabinet.

3. Good heating equipment and good plumbing fixtures enhance the value of any home . . . make any loan a better risk. This is especially true when your applicant installs American-Standard products. Not only because the quality, performance and service record of American-Standard products are second to none, but also because pride of ownership makes your borrower a better risk from the personal angle.

Your heating and plumbing contractor will be glad to furnish you with interesting information about the complete American-Standard line. American Radiator & Standard Sanitary Corporation, P. O. Box 1226, Pittsburgh 30, Pa.

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 NEGLIGENCE • INHERITANCE AND GIFT TAXES • COSMETICS • CANADIAN
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 BLUE SKY LAWS • WORKMEN'S COMPENSATION • RENEWAL OF LICENSES • FIRE INSURANCE
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 STATE, LOCAL, AND CITY TAXES • SOCIAL SECURITY • GOVERNMENT CONTRACTS
 TRUSTS AND ESTATES • CANADIAN COMPANIES LAW • ACCOUNTANCY LAW
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Men, Materials, and \$71,594,000,000

This material, based on an address by Secretary of the Treasury John W. Snyder, before the New York Board of Trade, takes the place this month of the editorial on "The Condition of Business."

THE destiny of a nation is not always decided on the battlefield—nor even, in the sometimes equally hazardous and difficult paths of diplomacy. In any national emergency, much depends upon our work in the factories and in the fields—and the keystone of our production and economic effectiveness is the financial stability of our country.

Public policies today, in every area of domestic endeavor—fiscal and otherwise—must be so designed as to strengthen the sinews of our productive power. We must plan in such a way as to avoid any measures—however well adapted they may seem to a specific purpose—which would undermine the ability of the American economy to meet the tremendous demands which are being made upon it.

The successful merging of revenue measures and borrowing programs in such a way as to make the most effective contribution to the productive power of

the Nation is one of the most difficult and most important problems on the domestic front.

One of the most serious threats to the strength of our defense economy is undoubtedly inflation. And it is a threat which could develop into disaster.

The essence of inflation is the uncontrolled spiraling of prices and wages. There have been manifestations of this economic disease in every period of war or defense effort of this country and of all countries. Our defense program today presents the same hazard.

To keep inflation in check, then, is the first need in our defense undertaking. As we transfer a great portion of our productive power from civilian to military output, and so reduce the supply of civilian goods we must put brakes on the purchasing power of consumers. This means that a substantial part of both business and personal incomes must be diverted from the consumer markets. The alternative of allowing prices to move higher and higher would vitally damage the defense effort.

Without question a most effective over-all fiscal measure for avoiding the evils of deficit financing, and thereby combating an inflationary spiral in prices is

(CONTINUED ON PAGE 157)

How Far Can We Pay As We Go?

EDWARD H. COLLINS

MR. COLLINS is a member of the editorial board of the New York Times.

ON July 19, 1950, a little more than three weeks after the fighting had begun in Korea, President Truman sent a special message to Capitol Hill. He asked for \$10.5-billion additional for the military, and he called upon Congress to give him a tax bill to produce around \$5-billion.

The \$10.5-billion requested at that time, Mr. Truman told the Congress, would bring the country's military strength up to 2,050,000 by June 30, 1951. Such a program, it then appeared to the White House, would not only "meet the immediate situation in Korea," but would bring our forces "to a state of readiness designed to deter further acts of aggression." And the President added: "We must take action to insure that the increased national defense needs

will be met, and that in the process we do not bring on inflation."

Before the Korean invasion, appropriations for the fiscal year 1950-51 provided close to \$15-billion in cash and contractual authority for the defense establishment. The proposal of July 19 was calculated to bring the total to a little more than \$25-billion. This was an impressive figure when measured by past non-war standards. It was nearly four times the \$6.4-billion spent in the 12 months of excited preparation that followed the fall of France in 1940. And it almost equaled the \$26.8-billion allocated to rearmament in 1941-42, during seven months of which the United States was formally at war with Germany and Japan. But the spending program as now stepped up became even more imposing when one looked at the budget as a whole. In 1941-42 nondefense expenditures were a comparatively minor element in the

picture, accounting for a mere \$7.5-billion. But when the Administration raised its military sights to \$25-billion last July, that sum had to be superimposed upon (a) a civilian budget of \$22.6-billion, and (b) a \$3.2-billion foreign aid program. Added together, the three components came to a grand total of \$50.8-billion, a spending figure exceeded only in the four war years, 1943-46.

Nevertheless, leaders of both parties assured the President even before he presented his first emergency request for new funds that there would be no quibbling about voting whatever might be needed. As for the President's warning on inflation, they had anticipated that, too. Our legislators obviously had learned from our postwar experience the lesson of what happens when suppressed inflation finally breaks its bonds. It was plain that they were at one with the President in his desire that the defense program be kept on a pay-as-you-go basis.

But in the six months that have ensued since the White House submitted this, its first sketch of the economic problem of rearmament, military and political developments have made it necessary to redraw the original blueprint, not once, but several times. The wanton act of aggression by Communist China in launching its Moscow-inspired undeclared war against our forces in Korea, opened American eyes perhaps as nothing previously had done to the complete ruthlessness and cynicism of the enemy with whom we are dealing. Even more sobering, if anything, however, was the dismaying glimpse that this episode afforded of the reaction of the United Nations when confronted for the first time with a major challenge to its moral authority. As one observer summed up these developments, "Americans looked out at Lake Success and what they saw filled them with dismay. 'If,' they said, 'this is to be the keeper of the world's conscience, then it is time

Changing Picture of the Budget for 1950-1951

| | Military and Foreign Aid | % of GNP* | Other | Total | % of GNP* |
|-----------------------|--------------------------|-----------|-------|-------|-----------|
| January 1, 1950... | 17.8 | 5.9 | 22.6 | 40.4 | 13.5 |
| July 19..... | 28.2 | 9.4 | 22.6 | 50.8 | 16.9 |
| December 1..... | 32.3 | 10.8 | 24.8 | 57.1 | 19.0 |
| Jan. 1, 1951 (Est.).. | 50.0 | 16.7 | 25.0 | 75.0 | 25.0 |

* Gross National Product, estimated at \$300-billions.

Pertinent Figures on World War II Finance

| | In Billions of Dollars | | | | | In Percent | | |
|------|-----------------------------------|-------------------------|----------------------|---------------|--------------|----------------------------------|----------------------------------|----------------------------------|
| | A Gross National Product | B Military Budget | C Total Budget | D Receipts | E Deficit | "B" as a percent of "A" | "C" as a percent of "A" | "D" as a percent of "A" |
| 1940 | 96.2 | 1.5 | 9.3 | 5.4 | - 3.9 | 1.6 | 9.7 | 5.6 |
| 1941 | 111.2 | 6.4 | 13.8 | 7.6 | - 6.2 | 5.7 | 12.4 | 6.9 |
| 1942 | 142.1 | 26.8 | 34.3 | 12.8 | -21.5 | 18.8 | 24.3 | 9.1 |
| 1943 | 180.8 | 70.3 | 79.7 | 22.3 | -57.4 | 39.0 | 44.0 | 12.3 |
| 1944 | 204.9 | 83.8 | 95.6 | 44.1 | -51.4 | 40.9 | 46.6 | 21.5 |
| 1945 | 220.4 | 84.6 | 100.4 | 46.5 | -53 | 38.3 | 46.4 | 21.0 |

for us to buckle on our armor." To these two grim developments a third should perhaps be added. That was the revelation that Europe's growing awe of the New Colossus of the East had all but paralyzed its will to rearm, even in the psychological shelter of America's possession of the A-bomb and with the pledge of American armed aid in case of attack by the common enemy. By the year end these developments had produced two important results. They had precipitated a historic re-examination of the bases of our U. S. foreign policy and they had persuaded the Administration of the necessity of revising its ideas on rearmament.

The post-Korea defense program has been a highly fluid concept from the start; nevertheless, it is possible to discern in retrospect three more or less clearly defined stages in its evolution. Originally, as we have seen, it was conceived as a modest program for dealing with the "police action" in Korea and, if necessary, any future similar disturbances of the peace. Somewhat later the shadowy outlines emerged of a long-term gradual rebuilding of our military strength over a period vaguely identified at from eight to 10 years. During the months in which this concept of a preparedness "marathon" was in the ascendant, the Administration maintained that only a minimum of economic controls was needed, while the President's economic counselors emphasized that the encouragement of "economic expansion" was a more important objective than combating inflation.

But it soon became evident that the country was finding it difficult to accommodate itself psychologically to a rearmament program whose objectives were unclear and which had neither terminal points nor stated ultimate dimensions. Moreover, while the idea of a \$25-billion military spending program had been taken in stride, the budget estimate refused to stand still. Instead, it continued to expand by "bits and pieces." Even before catastrophe in the form of Lin Piao's Fourth Field Army struck in North Korea, the Administration had stepped up its demands for the military budget (including foreign aid) to \$32.2-billion and the over-all budget had expanded to \$57.1-billion. With this crushing military reverse the idea of gradualism in rearmament seems to have passed out of currency by informal, but unanimous, agreement. It was no longer possible now to delude ourselves that we could rearm at our leisure, under a policy of "business as usual." A White House request a few days later for another \$18-billion in defense funds, raising the over-all budget to \$75-billion, gave tangible expression to this conviction. And in mid-December it was tacitly incorporated in official policy when the President declared a national emergency and when stabilization officials prepared to introduce economic controls which promised to approximate those of World War II in comprehensiveness.

New decisions were called for now, not alone in the field of foreign

policy, but in the field of domestic economic policy. And in the latter area it seemed to be generally agreed that the key decision was the decision on how the expanded and accelerated rearmament program was to be financed.

As noted earlier, the President had asked in July that the effort be carried out "without inflation" and Congress had accepted that as meaning a policy of pay-as-you-go. But there had been no further reference to the subject by the White House, and as the dimensions of the project continued to expand a cleavage of opinion began to appear among those who, back in July, had solidly supported the policy of financing entirely by taxation.

(CONTINUED ON PAGE 128)

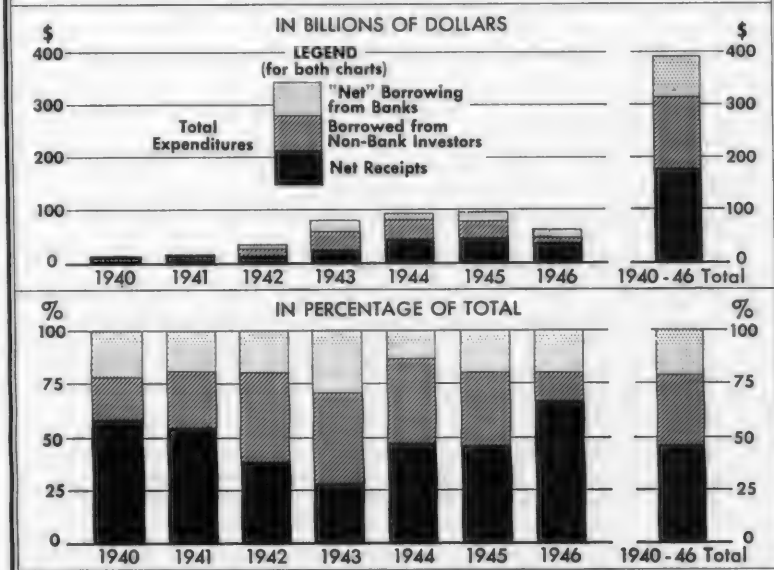
Proportion of U. S. Government Expenditures Raised by Taxation in Four Major Wars

| War | Period | (In Millions of Dollars) | | | % of Expenditures Covered by Taxes |
|------------------|-----------|--------------------------|----------|---------|------------------------------------|
| | | Expenditures | Receipts | Deficit | |
| World War II.... | 1940-1946 | 391,100 | 176,100 | 215,000 | 45 |
| World War I.... | 1917-1919 | 33,200 | 10,000 | 23,300 | 30* |
| Civil War..... | 1861-1865 | 3,420 | 806 | 2,615 | 23** |
| War of 1812.... | 1812-1815 | 120 | 51 | 68 | 42 |

© Henry C. Murphy: "The National Debt in War and Transition."

* If 1920 (which showed a slight surplus) were excluded, this figure would rise to 42 percent.
** If 1866 were included, the figure would be 35 percent. (1866 produced a surplus of \$37 million.)

MAJOR SOURCES OF FUNDS FOR FEDERAL GOVERNMENT EXPENDITURES DURING THE DEFENSE AND WAR PERIODS, WORLD WAR II





Banking leaders at the luncheon given by Houston banks. Left to right: Messrs. Bryan, Law, Adams, Dr. Stonier, Messrs. Doherty, McAshan, Greer

The American Bankers Association is cooperating with the United States Treasury in a "bank mobilization week" program, sometime in March, which will call the attention of bank personnel, directors and business executives to the nation's financial problems.

It has long been recognized that banks play a special role in public education on these matters. A proper step in this direction, obviously, is to start educating at home—in the bank family. Specifically, the plan is to have clearinghouse groups in all parts of the country hold educational meetings during whatever week is selected. At these gatherings current fiscal issues will be discussed, with special emphasis on the distribution of U. S. Savings Bonds as a means of anchoring the Federal debt against inflation.

It is suggested that the meetings be patterned after a program held at Houston, Texas, on December 15, 1950. The following article is a step-by-step outline of the "Houston Plan" for the guidance of clearinghouse associations and regional banking groups in organizing their own bank mobilization week programs.

Anchoring the Federal Debt

A BANKER had the idea, the United States Treasury contributed some suggestions, and then the Houston banks went to work on the mobilization program that became the Houston Plan.

The banker was Francis Marion Law, chairman of the First National Bank in Houston and former president of the American Bankers Association.

One day last September Mr. Law was in New York attending a conference on Savings Bonds. Present were the Treasury Advisory Committee, comprising one member from each Federal Reserve District, and the state chairmen of the Treasury's Savings Bond Division. Lewis E. Pierson, New York banker, presided as chairman of the committee.

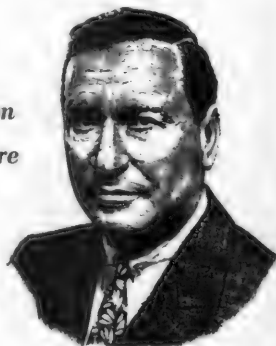
During a discussion of future distribution of the securities Mr. Law, who is co-chairman of the Texas Savings Bond Committee, suggested that it would be effective if every bank held a clinic which could bring to bank personnel accurate current information about national financial problems, with emphasis on the Savings Bond program. This suggestion was favorably received, and was later taken up in the Savings Bond Division and with the Treasury. It was decided to invite Houston to conduct a pilot program that would demonstrate the practicability of the idea, with a view to asking all banks to follow suit.

At a meeting of the Houston Clearing House As-

sociation, attended by top management of the city's 27 banks, it was unanimously agreed to accept the Washington invitation, and a committee of five bankers, headed by Mr. Law, was appointed to draft and carry out a program. Other members were L. R. Bryan, Jr., Second National Bank; Harris McAshan, South Texas National; R. P. Doherty, National Bank of Commerce; and W. Neal Greer, Citizens State.

*"You Build for your own
and your country's future
when you save..."*

BENJAMIN F. FAIRLESS
President, U. S. Steel Corporation



"A free economy, such as ours, is built on the savings of the people. And the future security of America depends on the initiative and the growth of every citizen. We in U. S. Steel encourage our employees to join the Payroll Savings Plan, and we are proud that the National Tube Company, one of our subsidiaries, was the first of the large industrial companies of the nation in 1950 to have more than 80% of its employees participating. Remember, you build for your own and your country's future when you save."

Mr. Fairless is not expressing a personal opinion, nor is he speaking for other far-seeing executives when he tells you

bought U. S. Savings Bonds and are buying them every month on the easy, automatic Payroll Savings Plan. Their

Part of a current Savings Bond advertisement, which typifies the theme that is being used in the Treasury's promotion

The clearinghouse emphasized that the object was to inform bank personnel accurately and completely about the Treasury's bond program, particularly the payroll deduction plan. Bank personnel, it was said, should not only know about bonds so as to be able to answer intelligently the public's questions about them, but should also realize the necessity for telling the bond story to the staff members' business contacts and personal friends.

Each clearinghouse member pledged itself to hold, within its own family circle, a clinic which would inform employees on Savings Bonds and the payroll plan.

The committee organized immediately and drafted a

program for presentation to the banks. Expanding the original concept, it recommended that Friday, December 15, be the day for three events:

(1) A mass meeting of all Houston bank personnel at a local theater at 8 A.M.

(2) A luncheon at a hotel for bank directors and other key business executives.

(3) Individual clinics, to be held at 2:30 P.M., at each of the banks, including nonmembers of the clearinghouse.

It was agreed that the committee would ask each bank present to:

(1) Notify each staff member of the mass meeting.

The People and the Debt

Here are excerpts from the address made by Dr. Harold Stonier, executive manager of the American Bankers Association, at the Houston banks' luncheon for businessmen on December 15, 1950:

FINANCING is not a dramatic thing in war. It is not so dramatic as the heroic exploits of our men in the mountains of Korea. Back of this heroism and sacrifice is the production of munitions and equipment, and this must be financed. Financing defense production is the purpose for which we are mobilized here today. We are here to rally the banks again to do the job they did in the last war with the help of industry in thousands of communities. . . .

War means debt. Our national debt, which started at about \$50-billion in 1941, is now about \$257-billion. Twenty years ago most any economist, businessman, or banker would have told you that no government could carry a debt of \$257-billion without becoming an economic dictatorship. It did not seem possible, yet it was accomplished.

I think the national debt was built very wisely. First of all, the groundwork for that debt was to sell as many of the obligations of the Government as possible among the rank and file of the people. About 85-million people related themselves to the war by buying Savings Bonds at a few dollars a week. And today, long after the war, \$57-billion of these bonds are held by the public. This amounts to almost one-fourth of the total debt. These bonds are not bought and sold in the open market; they are not a basis of inflation. . . .

War can cost us hundreds of billions of dollars, but so long as a large part of the increased debt is held by the rank and file of people—in \$25, \$50 or \$100 denominations—we can preserve this country and its enterprise system without economic dictatorship.

It is going to be harder for industry to keep its personnel interested in buying Savings Bonds than it was during the last war. Income taxes are going to be heavier. They are probably going to cut into the wage earners as never before. But world war, in spite of all that has been said, cannot be financed entirely by taxation. It sounds like the answer to all our problems to finance the war by taxation alone, but if we tried to do this literally we would not have an enterprise system left after the war. The national debt is the fundamental consideration in our economic life. It is the rock upon which the Soviet

regime thinks it can break up our ship of state. A very large part of this debt must be carried by the rank and file of the people, or the debt will break us. A good job has been done in building and managing our present national debt.

There has been too much talk about the depreciated purchasing power of the dollar. Had so large a part of the national debt not been placed and kept in the hands of many millions of people, there would have been very little chance of maintaining even the present purchasing power of the dollar. . . . Let us not "run down" the dollar. It is still our great weapon of defense and offense. Let us do what we can do now to combat the causes of any further inflation.

In selling these bonds we encourage saving. We cannot have genuine prosperity without work and without saving. . . .

The 1952 budget will probably show a deficit of several billion, depending on how much can be raised through taxation. But whatever the deficit is, it ought to be financed largely by sales of bonds to the rank and file of the people. In the same way that Houston is mobilizing itself, the Treasury Department hopes that all other communities will mobilize, and that this campaign will be carried on throughout the country.

Times of war or impending war are times of criticism. "If only the Government had done this or had done that . . ." we often hear. It would be easy today to point out the errors that have been made, but criticism is no excuse for inaction. This nation is up against it now; America is on the spot. This is a war for survival. The shooting war has been definitely under way for the past six months. It is going to grow, because war grows on war. We must win this war, for if we do not, our system of government and business is going to be a subject for discussion in concentration camps and the discussion will be very academic at that. . . .

There is a time for strife and opposition, and that is the way it should be. But there is also a time to work together to meet the future that faces us. We can go along this pathway of time only once. This is our job, and it means our future. We will win this war. But beyond that, we want to be sure that we are doing it right from the standpoint of financing, so that we shall not have an economic dictatorship after the war. Our country has always been a forward-looking country. It is tomorrow that we are always building today. That is the real, the typical spirit of America.

Make it plain that attendance was a *must*. The meeting would adjourn promptly at 8:30 A.M.

(2) Request each officer and staff member having public contacts to attend the afternoon clinic in his or her bank. Attendance was again a *must*.

(3) Join with other presidents in an invitation to bank directors and other businessmen to the luncheon as guests of the clearinghouse.

It was decided that the only speaker for the morning mass meeting and the luncheon would be Dr. Harold Stonier, executive manager of the American Bankers Association, New York.

The president of each bank was asked to arrange the program for his own institution's family clinic. Each bank was also requested to appoint a secretary to record the proceedings of the clinic and send a report to the manager of the clearinghouse. It was suggested that the clinics be panel discussions conducted by leaders chosen from the bank staff. The maximum duration of this meeting should be two hours—less, if possible.

On December 8—just a week before Bank Mobilization Day—the committee sent a letter to clearinghouse members calling attention to the coming program and outlining the three suggested meetings. Other details, as mentioned above, were also set forth. It was emphasized that plans for the family clinics could be made by the banks to fit their own wishes.

On December 12 Mr. Law, for the committee, sent the Houston bank presidents this letter:

We are ready for the show down. Friday, December 15, is the big day. Top brass from the Treasury Department

in Washington and Dr. Harold Stonier from New York City will be here as guests and observers. If our 27 banks whole-heartedly cooperate in our program it will be reproduced in every city and town in the whole nation as the Houston Plan.

We again earnestly ask that each bank see to it that their personnel from top to bottom attends the bank meeting at the Majestic Theatre at 8 o'clock Friday morning. This meeting will last less than 30 minutes.

We also earnestly ask that each bank hold its own family clinic sometime during Friday afternoon and send a report of the meeting to Mr. Rentzel at the Houston National Bank.

This program is for our country's sake and let us each give our very best.

Mr. Law personally called each of the 27 banks in the Houston area, stressing the December 15 program. He felt, he said, that it was of such great importance that he had divided the banks among his vice-presidents and asked each to make personal calls on the banks to make sure that the importance of the December 15 events was understood.

On December 13 Mr. Law sent this night letter to each bank:

ALL BANKS SHOWING FULL COOPERATION IN FRIDAY'S PLANS (STOP) BEAR DOWN PLEASE ON HAVING FULL ATTENDANCE OF YOUR PERSONNEL AT MAJESTIC THEATRE FRIDAY MORNING AT EIGHT AND ON HAVING YOUR OWN BANK CLINIC FRIDAY AFTERNOON (STOP) MY SINCERE THANKS (SIGNED)

Meanwhile, the bank presidents had followed up with letters to their own staffs. Here, as a sample, is the

(CONTINUED ON PAGE 149)

An employee clinic at the South Main State Bank, Houston



The President said goodbye to Gen. Eisenhower, as the military leader of the Atlantic Pact nations left for Europe on a survey mission. On his observations abroad, as reported to the President, will greatly depend the outcome of the current heated debate on U. S. policy



HARRIS & LOWERY

Debate—but Late

Here, for the record, is a collection of views which might be entitled "What They Really Said." Public utterances often go through a period of distortion, and in this case the ordeal seems to have been far more severe than usual.

It is to be hoped that this debate will act intellectually like Gresham's Law in reverse, the good ideas driving out the bad, of which we have had plenty—plenty, that is.

Mr. Truman—

THE threat of world conquest by Soviet Russia endangers our liberty and endangers the kind of world in which the free spirit of man can survive. This threat is aimed at all peoples who strive to win or defend their own freedom and national independence.

Indeed, the state of our nation is in great part the state of our friends and allies throughout the world. The gun that points at them points at us, also.

The threat is a total threat, and the danger is a common danger.

All free nations are exposed, and all are in peril. Their only security lies in banding together. No one nation can find protection in a selfish search for a safe haven from the storm. * * *

Our own national security is deeply involved with that of the other free nations. While they need our support, we equally need theirs. Our national safety would be gravely prejudiced if the Soviet Union were to succeed in harnessing to its war machine the resources and the manpower of the free nations on the borders of its empire. * * *

The Soviet Union does not have to attack the United States to secure domination of the world. It can achieve its ends by isolating us and swallowing up all our allies. Therefore, even if we were craven enough to abandon our ideals, it would be disastrous for us to withdraw from the community of free nations. * * *

First, we shall have to extend economic assistance, where it can be effective. The best way to stop subversion by the Kremlin is to strike at the roots of social injustice and economic disorder. * * *

Second, we shall need to continue our military assistance to countries which want to defend themselves.

The heart of our common defense effort is the North Atlantic community. The defense of Europe is the basis for the defense of the whole free world—ourselves included. Next to the United States, Europe is the largest workshop of the world. * * *

Our North Atlantic treaty part-

ners have strict systems of universal military training. Several have recently increased the term of service. All have taken measures to improve the quality of training. Forces are being trained and expanded as rapidly as the necessary arms and equipment can be supplied from their factories and ours. Our North Atlantic treaty partners, together, are building armies bigger than our own. * * *

As the third part of our program, we will continue to work for peaceful settlements of international disputes. We will support the United Nations and remain loyal to the great principles of international cooperation laid down in its Charter.

We are willing, as we have always been, to negotiate honorable settlements with the Soviet Union. But we will not engage in appeasement.

Mr. Hoover—

I now propose certain principles and action.

First. The foundation of our national policies must be to preserve for the world this Western Hemisphere Gibraltar of Western Civilization.

Second. We can, without any measure of doubt, with our own air and naval forces, hold the Atlantic and Pacific Oceans with one frontier on Britain (if she wishes to cooperate); the other, on Japan, Formosa and the Philippines. We can hold open the sea lanes for our supplies. I de-

votedly hope that a maximum of co-operation can be established between the British Commonwealth and ourselves.

Third. To do this we should arm our air and naval forces to the teeth. We have little need for large armies unless we are going to Europe or China. We should give Japan her independence and aid her in arms to defend herself. We should stiffen the defenses of our Pacific frontier in Formosa and the Philippines. We can protect this island chain by our sea and air power.

Fourth. We could, after initial outlays for more air and navy equipment, greatly reduce our expenditures, balance our budget and free ourselves from the dangers of inflation and economic degeneration.

Fifth. If we toil and sacrifice as the President has so well asked, we can continue aid to the hungry of the world. Out of our productivity, we can give aid to other nations when they have already displayed spirit and strength in defense against communism. We have the stern duty to work and sacrifice to do it.

Sixth. We should have none of appeasement. Morally there is no appeasement of communism. Appeasement contains more dangers than Dunkerques. We want no more Teherans and Yaltas. We can retrieve a battle but we cannot retrieve an appeasement. We are grateful that President Truman has denounced such a course.

Seventh. We are not blind to the need to preserve Western Civilization on the Continent of Europe or to our cultural and religious ties to it. But the prime obligation of defense of Western Continental Europe rests upon the nations of Europe. The test is whether they have the spiritual force, the will and acceptance of unity among them by their own volition. America cannot create their spiritual forces; we cannot buy them with money.

You can search all the history of mankind and there is no parallel to the effort and sacrifice we have made to elevate their spirit and to achieve their unity. To this date it has failed. Their minds are confused with fears and disunities. They exclude Spain, although she has the will and means to fight. They huddle with Germany, although she is their frontier. They vacillate in the belief that they are in little danger and the



HARRIS & EWING

The Ohio Senator

hope to avoid again being a theatre of war. * * *

To warrant our further aid they should show they have spiritual strength and unity to avail themselves of their own resources. But it must be far more than pacts, conferences, paper promises and declarations. Today it must express itself in organized and equipped combat divisions of such huge numbers as would erect a sure dam against the red flood. And that before we land another man or another dollar on their shores. Otherwise we shall be inviting another Korea. That would be a calamity to Europe as well as to us. * * *

These policies I have suggested would be no isolationism. Indeed they are the opposite. They would avoid rash involvement of our military forces in hopeless campaigns. They do not relieve us of working to our utmost. They would preserve a stronghold of Christian civilization in the world against any per-adventure. * * *

Gen. Eisenhower—

I APPROACH my present task in full awareness that no amount of outside aid alone could defend Europe. Moreover, although the North Atlantic Treaty nations have now undertaken a great cooperative enterprise for their common security, it is obvious that each must still continue the hard core of its own defense.

In the great heritage of Europe, in the genius and productivity of its people must be found the will,

the moral strength and much of the means to build defenses behind which its children may prosper and live in peace. These are the children of Europe, not just of Holland, Italy, France or other nations.

Mr. Taft—

WE see now the beginning of an agreement to send a specified number of American troops to Europe without that question ever having been discussed in the Congress of the United States. The Atlantic Pact may have committed us to send arms to the other members of the pact, but no one ever maintained that it committed us to send many American troops to Europe.

More and more it has become customary to make agreements instead of treaties thus by-passing the power intended to be conferred on the Senate to pass on the wisdom of important principles of foreign policy. It is still fashionable to meet any criticism by cries of isolationism just as Mr. Hoover's recent speech has been treated. Criticisms are met by the calling of names rather than by intelligent debate. * * *

I do not myself see any conclusive evidence that (the Russians) expect to start a war with the United States. And certainly I see no reason for a general panic on the assumption that they will do so. We have clearly notified them that any attack in Europe upon the United Nations means a third World War, and we are obligated to enter such a war under the terms of the Atlantic Pact. * * *

In the present crisis where the entire world is threatened by the Communist menace, the United Nations has proved that it is not only an utterly ineffective weapon to check military aggression but that it is actually a trap for those nations which rely upon it as an organization to secure action against aggressors. * * *

What then should be our military policy in preparation for a possible attack by Russia on ourselves or on our allies? Our first consideration must be defense of America. * * * It seems obvious that the immediate problem of defending this country depends upon control of the sea and control of the air. * * *

Whether war can be ended by air power alone may be open to ques-

(CONTINUED ON PAGE 136)



The House (above) and Senate of the 82d Congress moved into newly refurbished chambers

Congress Receives a New 10-Point Program

LAWRENCE STAFFORD

THE kind of economy that will be operated and financed in the United States during most of 1951 is tied up in the three great issues that will probably dominate most of the first session of the 82nd Congress. These issues are foreign policy, fiscal policy, and control policy.

Meanwhile, some facets of the economy have become a little clearer. Thus President Truman, in his 10-point program, assigned a greater role to industrial expansion than was generally expected. Industry must produce enough to equip U. S. troops and allied troops; it must provide arms for the peoples of the Near and Far East, and at the same time it must build up a reserve of military equipment and enlarge vastly its capacity to produce for a long period of international tension and to prepare the U. S. for total mobilization production at any time.

This would seem to indicate that whether through the route of V-loans or otherwise, the banking business will be financing production and industrial capacity in a staggering volume.

As anticipated, cut-backs in industrial production for civilian uses are becoming a day-to-day reality—and so will the financing of production and sale of consumer durables.

Government has once more tapped the reliable banking world to carry on a large share of the job not only of handling but of promoting the sale of E and related bonds to help absorb some of the billions of funds which will be poured into the economy by deficit spending.

One branch of government, the Federal Reserve Board, would like to use the banks as a mechanism to retard inflation. The Board would like Congress to legislate higher reserve requirements for member

banks. This the Board desires in order to curtail bank lending.

From now on banks also will be financing housing construction in expanding volume in areas of new defense industrial concentration.

President and "Re-examination"

If the foreign policy "re-examinationists" were able to effect a modification of the Government's foreign policy commitments, the entire economy, of course, would be affected. However, the objectives of the re-examinations are not primarily directed as easing mobilization burdens or preparing for or preventing war.

Actually the "re-examinationists" assert that the U. S. does not have the capacity, real or potential, to restrain the advance of military communism in Europe, the Near and Far East, and Africa, all at one time.

THE only way we can avoid serious inflation in the face of a military and world aid program is to recognize that as a nation we must pay as we go. Not only must the nation, including all individuals, be willing to support a tax program to pay in money for these things, but we must be willing to support a work program that will produce them.

—C. E. WILSON, *president,*
General Motors Corporation

They also believe that many Americans likewise doubt the capacity of their country to make good on all its commitments. They feel that if, after a debate, the Government settled on a more restricted scope of commitments this would produce a foreign policy which would have wide appeal for its practicability.

The President, however, underscored his adamant opposition to re-examination, in the annual message on the State of the Union. "All free nations are exposed and all are in peril," Mr. Truman stated. "Their only security lies in banding together. No one nation can find protection in a selfish search for a safe haven from the storm."

Long Debate Likely

In view of the President's tenacious insistence upon the acceptance of his foreign policy program as a whole, a long and bitter debate this year is almost inescapable. It might, however, be submerged by some fresh military crisis. In that case the arguing might stop while the nation figuratively digs itself out.

Mr. Truman placed foreign economic aid at the top of his list of measures to contain communism. He particularly stressed the need for building up the living standards of the millions of Africa, Asia, and the Near East.

The President's Point IV program is the phase of foreign policy most unpopular with Congress. Many Congressmen think that while the U. S. is trying frantically to arm

itself and its allies, it can dispense with "bathtubs for the Ethiopians."

Mr. Truman Holds Initiative

In this great debate on foreign policy, Mr. Truman holds the initiative. As Commander-in-Chief he has the power to order forces from Berlin to Timbuktu, and initially, at least, Mr. Truman made it clear that he did not feel that he had to consult Congress before disposing troops around the world.

If Congress should disagree about the dispatch of troops to some far area, its primary recourse would be to withhold appropriations for their maintenance. This might prove to be impractical, particularly if the troops were in danger of being shot at.

Under the Constitution the President also holds the initiative in making foreign policy and negotiating agreements. Fewer and fewer agreements are being submitted to the Senate for confirmation.

A major disaster to large U. S. forces might so arouse public opinion as to effect a change in foreign policy, a change which the Administration then might be willing to make. Or, contrariwise, if more U. S. troops are stationed in Germany and this results in open war-

fare with the Russians themselves, then any possibility of "re-examination" would become academic.

Budget Outlays

The principal "re-examination" which Mr. Truman has made of any major policy in the last month is boosting projected budgetary outlays to a total of around \$72-billion, with all forms of military expenditures to nearly \$49-billion. He estimated revenues under existing tax laws at \$55.1-billion, leaving a deficit, through no additional taxation, of \$1.6-billion. The President declared himself in favor of additional taxes to close this entire budgetary gap.

The President also indicated, however, that his expenditures estimate was most tentative and would probably be altered by later events.

He has asked Congress for authority, while estimating actual expenditures of only about \$72-billion, for the Government to spend, to contract to spend, or to pay for past contract authorizations, to a total of \$94.5-billion.

Hence, there is now a boost from the \$30-billion in military outlays contemplated before the Chinese communists entered the war to a figure about 70 percent above that.

(CONTINUED ON PAGE 106)

Key figures in the alphabetical defense mobilization line-up along the Potomac. Left to right, Gen. Lucius D. Clay, special assistant to Charles E. Wilson, who is director of the Office of Defense Mobilization; William H. Harrison, head of the Defense Production Administration; Mr. Wilson; and Sidney Weinberg, another special assistant to Mr. Wilson



They Are the Bank

JOHN L. COOLEY

This article outlines the four-year-old program of employee relations carried on by the Manufacturers Trust Company of New York. Smaller as well as large banks may find the idea adaptable to their own uses, and for this reason Manufacturers and BANKING pass it along.

A GROUP of people from the five boroughs of New York and sundry suburbs had dinner "in town" the other evening. As parties go in Gotham it wasn't a big affair—but there was a sizable idea behind it. And for the 50 folks present it rated as the Party of the Year.

They were the staff of the Manufacturers Trust Company branch at Broadway and 144th Street, and they were dining, as guests of the bank's top management, to celebrate a special occasion. Their branch had just been awarded the President's Gold Cup, given annually by the President's Committee on Employee Relations to the office adjudged most outstanding in the promotion of staff welfare and esprit de corps.

This committee is an unusual group—one is tempted to say it's unique. Each year the five officer members visit every branch (the bank now has 108 branches with 5,200 employees), meet with the staffs, listen to their suggestions for better working conditions and efficiency, and then recommend necessary changes. "Recommend" is the right word, for the program operates through the bank's normal administrative channels. However, the committee, fully supported by Charles C. Clough, administrative vice-president and director, and the other members of top management, gets what it wants.

Its biggest achievement is the stimulation of that highly important but often elusive spirit which makes a bank man or woman feel: "I'm not working for the bank—I'm part of the bank."

But there are other impressively practical results. This executive-staff liaison has established standards for working conditions in the offices. It has been able to move at least two branches to larger, better quarters. It has brought many physical improvements, adjusted many

"situations," healed many irritations—sometimes such important minor grievances as "The officer in charge never says good morning to us." (He does, now.) Every branch benefits according to its needs. No reasonable request is turned down, except those impossible of fulfillment because of circumstances beyond the bank's control—legal and protective restrictions, or inability to get equipment or space. It should be added that few unreasonable requests have been made. And in only one open meeting at a branch has a salary question arisen in three years.

Statistics provide interesting evidence of what has happened since the program started four years ago. The first year 478 requests, in 30 categories, were made by the employees in the 76 branches then operated. The next year the number was 100. In 1950 it dropped to 50; in 34 of the offices nobody offered a suggestion.

PERHAPS the first question that pops into mind is, "What sort of things does the staff ask for?" BANKING put the query to Assistant Comptroller Stephen F. Casco, member of the committee and its spokesman at the interview which provided the material for this article.

Mr. Casco (by the way, he's an

alumnus of The Graduate School of Banking) went to a file and extracted a handful of papers.

"Here," he said, "is the record."

It showed that on the committee's first swing around the branches in 1947-48, the largest number of requests, 65, was for new operating equipment. At that time, remember, the mechanical aids to banking were still scarce, and banks everywhere were getting along as best they could until postwar supply caught up with demand. The committee explained this situation and assured the staff people that they'd get the stuff when it was available.

There have been numerous requests for improvement in rest and recreation rooms. Some staffers like to bring their lunches, and accommodations weren't available in all the branches. That first year, Mr. Casco said, the committee bought 38 electric stoves and 37 refrigerators.

Better lighting and better ventilation have also been requested frequently. It isn't always easy to correct these conditions promptly or fully, but the committee does its best.

Repairs to equipment, redecoration of branches, improved heating and storage facilities, expansion of work space, soundproofing—these are among the other things that came up early in the committee's work. But in several categories

(CONTINUED ON PAGE 95)

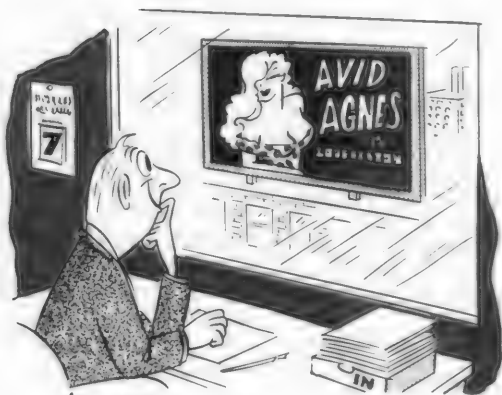
This is the branch staff that won the President's Gold Cup for 1950. Holding the trophy is Mathew McKenney, officer in charge. Next to him is Manufacturers' president, Henry C. Von Elm. The bank's administrative board and the President's Committee on Employee Relations are also in the picture



Time to Tighten Our Time Belts

By DICK ERICSON (Adapted from an idea by DONALD A. LAIRD)

"You wake up in the morning, and lo! your purse is magically filled with twenty-four hours of the magic tissue of the universe of your life. No one can take it from you. It is uneatable. No one receives either more or less than you receive. Waste your infinitely precious commodity as much as you will, and the supply will never be withheld from you. Moreover, you cannot draw on the future. Impossible to get into debt. You can only waste the passing moment. You cannot waste tomorrow; it is kept for you."—Arnold Bennett



One time-waster—because it makes concentration difficult—is poor office arrangement. For example, a desk beside a window may invite wool-gathering and rubber-necking



A desk facing an entrance also encourages shifts of attention. Merely turning the desk around would help its occupant concentrate on his work



Intermittent noises are enemies of concentration—and time-wasters. Out-of-the-ordinary noises are the worst distractors. Don't bang drawers, drop books, whistle, yawn, or talk unnecessarily



Movement is an enemy of concentration. The person who has to concentrate should not be near the water fountain, or on the route to it. Executives who have visitors should be located where the latter will not have to parade through work rooms



Knick-knacks which clutter a desk-top encourage mind wandering rather than concentration. They may be the object of hours of absent-minded study and observation



Chronic interrupters are office pests and serious time-wasters. When you have to interrupt someone, don't just barge in as soon as you think of it. Wait for him to show signs of a break in his work



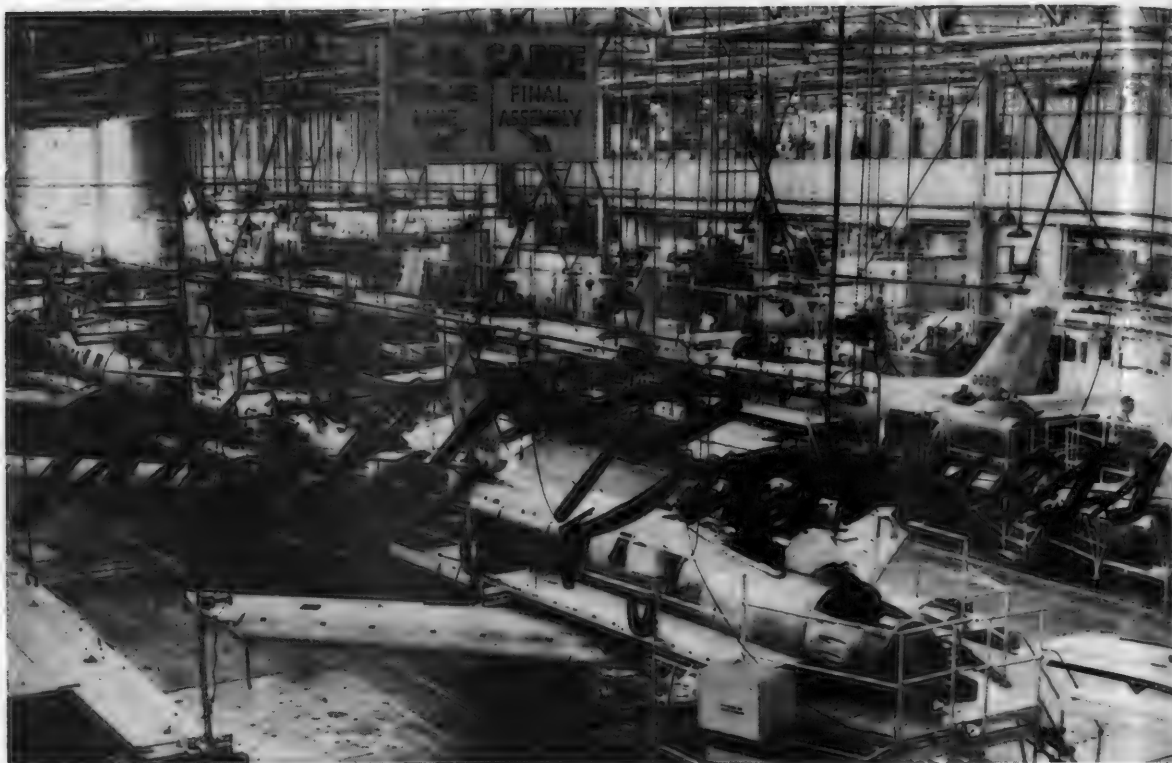
Day-dreaming is a good example of self-distraction, or self-interruption. This can be avoided by sticking to the present task until it is done



Sex may also be a distraction—as represented by style of clothing, perfumes, and other adornments that direct the mind away from work



Another time-waster is the person who has flights of ideas. He (or she) digresses from his goal and goes off on tangents. His thinking is random rather than purposive. He engages in quantities of "small talk"



WIDE WORLD

The Course of World Affairs

HERBERT BRATTER

This month the author opens his story with an interview with Senator Robert A. Taft of Ohio, whose recent utterances have brought so much attention (see Debate—But Late, page 40 of this issue).

WITH reference to ERP, President Truman in his annual message to Congress cited the enormous contribution which the Marshall Plan has made to the Continent's industrial and, hence, military strength. For comment your correspondent sought out Senator Robert A. Taft of Ohio.

"ECA has accomplished quite a bit," the Republican legislator observed, "but as good results could have been accomplished for very much less money. They have been spreading dollars all over the world with lavish hands. That's what I object to in Point IV. We just broadcast that any country can get a dozen or so American experts who

will then excite their cupidity for American dollars.

"My policy as to economic aid," continued the Senator, "has always been the same. My theory is that we should aid friendly countries, but the amount of the aid should be limited and it should be extended only on their request and only for specific, worth-while projects and purposes. Before the war we had such a policy in making Export-Import Bank loans; for example, in the loan for the Brazilian steel industry.

"Before the war I suggested that we set aside a budget for foreign loans and gifts. I'd be in favor of winding up the ECA right now and turning over to the ECA recipient countries the money presently envisaged for ERP's fourth year. I would provide, however, that it be devoted only to economically useful projects."

There might be some exceptions from this policy, the Senator con-

ceded. Italy, for example, might need a certain amount of help in the form of foodstuffs. However you look at it, in view of the steadily growing population of many needy countries, U. S. foreign aid is a short-run device, Mr. Taft stated. Raising the standard of living of the world is a very long-run proposition.

"I agree with Mr. Truman that the ERP has done a great deal to increase Europe's industrial strength, but if there had never been an ERP the European countries would have still made substantial progress," Senator Taft added. Asked who would administer any foreign aid program after ECA is wound up, Mr. Taft said: "I wouldn't mind turning the whole thing over to the Export-Import Bank to run. At least we would have a chance of getting away from the State Department view that we should give away millions and billions just to create goodwill. You don't create goodwill that way."

Investment Guaranties

As for investment guaranties, which have been suggested as part of the Point IV program, the Ohio Senator is rather skeptical. "I'd not say no to that, but guaranties should be very severely restricted. Guaranties of currency convertibility are merely guaranties of other countries' financial policies. They really create loans to the country concerned. Guaranties against loss of investments through confiscation could serve as an inducement to such confiscation of our private investments abroad. And when the assets are

taken over by Uncle Sam it may be more difficult than ever to obtain redress."

From now on, foreign economic aid is sure to take the form of military support to our allies in the North Atlantic region. When you send steel to such countries, the Senator pointed out, it is a matter of indifference whether you call it economic or military aid. The economic effect is the same.

"What about the ITO?" we asked the Senator. "Isn't that needed as a supplement to our other efforts of international economic cooperation?"

ITO "Indefinite"

"I think the ITO proposal was the most indefinite economic commitment I ever saw," Mr. Taft replied. "Under it we had all the obligations. 'Outs' were provided for all other countries."

"Wasn't the ITO to be an indispensable adjunct to the Bretton Woods Fund?" we inquired.

"The Fund idea was wrong from the start," the Senator stated, "and I was always against it. It was just a way of handing out dollars. So far as I know the Fund has largely failed to accomplish its purposes."

TURMOIL INTENSIFIED

The American people, distressed and alarmed over the course of world affairs, are divided and cross-divided into bitterly arguing groups, each firmly convinced that it alone has the answer to guide the country to safety and survival. Even while a wartime economy is being imposed, with the full approval of the people, the President is under sharp attack for having led the country into the Korean war without consulting Congress and for military commitments the Administration is assumed to have made in Europe. There have been signs of Presidential stress and strain. Washington, the American Institute of Public Opinion finds, has been lagging well behind the public in defense preparations. Only three weeks before Korea the President disagreed with a poll reflecting war anxiety and gave it as his view that "the world is closer to peace now than it has been in the last five years."

International as well as domestic trade is coming more and more under governmental control. The sup-

ply and allocation of scarce raw materials has been under discussion with the OEEC and other governments. Natural rubber imports have already been made a Government monopoly here. A broad list of export manufactures also is expected to come under official control. Thus the long-standing Washington goal of multilateral trade without discrimination, for which we have paid other countries time and again with gifts and loans, will be given another push toward posterity.

ADMINISTRATION'S PLANS

Herbert Hoover's speech came when the Administration reportedly had readied plans for spending abroad as much as \$20-billion annually. Since then a major cut in the recommended total is believed to have been made. The budget tells the story.

In his State-of-the-Union message President Truman referred only in general terms to carrying forward Point IV and other economic aid to the Near East, Africa, Asia and Europe. When he reported how the Marshall Plan had strengthened the productive strength of Europe, a wave of applause swept the Democratic side of the crowded House chamber. "We will support the UN and remain loyal to the great principles of international cooperation laid down in its charter," Mr. Truman affirmed. And he had a few words to say for "our good neighbors in this hemisphere," where we are expected to supply most of the capital needed to expand output of more essential materials.

INTERNATIONAL LOANS

The Export-Import Bank has advised the press of its "pleasure" at the creation of the Brazilian-American Joint Commission for Economic Development, a Point IV measure. Also, it announces that Mexico has arranged for the use of \$31-million out of the \$150-million the Bank authorized in favor of Nacional Financiera last August. Another \$35-million has been authorized for Israel for agricultural purposes. . . . The World Bank late in December lent \$2,600,000 to Colombia for electric power development. Uruguay has not yet ratified the \$33-million loan agreement signed at the World Bank in August. The Pakistan Embassy announces that the leader of the World Bank's mission to that country, George Burgess, "saw in the people of Pakistan

(CONTINUED ON PAGE 151)

"Do we have anything to do with the Marshall Plan?"



Six Ways to Turn on the Light

ALLAN HERRICK

Mr. HERRICK is chairman of the Committee on Education, California Bankers Association, and advertising manager of the Security-First National Bank of Los Angeles.

A SIX-POINT program for increasing public knowledge of the American economic system and its advantages has been adopted by the California Bankers Association.

The program's adoption follows a comprehensive and detailed study of the problem, begun nearly two years ago. The first step in the study was the collecting of printed matter of popular character, already available in California, dealing with the American economic system. The collection numbered hundreds of booklets and pamphlets issued by economic foundations, trade groups, and individual corporations. The total was very impressive.

An appraisal and classification of the material showed that efforts were being made to reach every group — employees, stockholders, public schools, churches, etc. However, the study showed the bulk of the printed matter along economic lines to be directed at factory employees. This group, in California, is very influential. Nevertheless, it does not overshadow the large agricultural interests of the state. The committee found work with the schools to be greatly varied with respect to geographical location. In some sections, an immense amount of material was being supplied to schools, in others none. The same situation applied to other groups, notably the clergy.

The third step in the study was the issuing of invitations to the heads of the various groups working toward economic education in the state, to meet with the bankers and outline their respective programs. The response was quite remarkable, every speaker accepting. At a full committee meeting held in Los Angeles each speaker presented in a short period, packed with factual information, the progress being made by his group. Shortcomings and defects of each program, as well as its successes, were frankly present-



Special problems relating to the economic education of youth in large cities were recognized by the C.B.A. Committee on Education. This problem is getting further study in 1951

ed. Groups working with schools, colleges, factories, churches, farms—all were represented by speakers.

Next the committee gave time and thought to a sifting of the various programs, evaluating the fields that were best covered, those neglected. Special study was given to areas where bankers might help in educating everyone as to the advantages of the American way of life.

FINAL step was the presentation to the executive committee of the C.B.A. of a six-point program which the committee felt was within the reasonable reach of the bankers, and which would contribute most to the solution of the problem of economic education in California. This program was:

- (1) Support for the 4-H Clubs and other farm youth organizations.
- (2) Use of bank literature racks for display of booklets on free enterprise system.
- (3) Further study of the problems of city youth.
- (4) Development of a small but effective speakers' bureau.
- (5) Expand work with schools throughout the state.
- (6) Find ways to cooperate more closely with the clergy.

The program was adopted by the association and its implementation is now under way, with the enthusiastic support of Joe Lipman, C.B.A. president and senior vice-president of the Union Bank & Trust Company of Los Angeles.

Success of the program will depend, of course, upon the degree to which the individual banks of the state find it desirable and necessary. In some of the fields, namely agriculture, the association has had a long and successful experience. The banks also have worked closely with the schools in many areas. The field of the clergy is comparatively untouched.

The field of city youth offers special problems. Just as banks are plagued by the views and votes of those who never enter a bank's doors, so the schools find one of their chief problems the boys and girls who leave high school early, with much they should know about our economic system unlearned.

Time alone will tell the progress that may be made by a program such as the one adopted. Those working with it are enthusiastic, however, and believe they have found a practical, common sense approach. All agree that some solution of the problem is imperative.

T A X news

WILLIAM R. WHITE

Sale of Land and Crops

MR. WHITE, a New York attorney, is associate professor of law at Fordham University.

IN rural communities, the sale of land and crops growing on the land is a common occurrence. The land and the growing crops are sold for a lump sum consideration. The tax consequences of such arrangements are of interest to bankers because so many of their depositors face the situation involved. The following question states the problem:

I have sold my farm with the fruit growing in the peach and apple orchards. Will I be able to treat the gain on the sale as a long-term capital gain, or must I treat any part of it as ordinary income, taxable at higher rates than long-term capital gain rates?

The answer to this question is that on the better reasoned cases the gain on sale will be treated as long-term capital gain, but because of a conflict in the court cases, this answer can not be considered as conclusive.

A Recent Florida Case

A recent decision, *Irrgang v. Fahs*, in the United States District Court for the Southern District of Florida (decided on December 14, 1950) involved the situation presented in the question. The taxpayer owned land on which there was a citrus bearing grove with an immature, unsevered crop of citrus fruit. The land and the crop were sold for a lump sum consideration of \$30,000. The gain of the taxpayer from the transaction was \$18,678.57. This gain was reported as a sale from the exchange of a capital asset, held for more than six months. However,

the Commissioner of Internal Revenue decided that \$6,000 realized from the sale was attributable to the sale of the citrus fruit on the trees, and he taxed that amount as ordinary income. This procedure resulted in asserting a deficiency against the taxpayer in the amount of \$23,090. It appeared that the taxpayer was engaged in growing and selling mature citrus fruit and the entire property had been owned for more than six months prior to the sale.

Revenue Code Provision

Section 117 (j) of the Internal Revenue Code provides in effect that, where a taxpayer sells real property used in his trade or business (which has been held for more than six months) and which is not property of a kind properly includible in inventory or held by the taxpayer primarily for sale to customers in the ordinary course of his business, the sale of such property may be treated as the sale of a capital asset. Where the gain from the sale exceeds losses from similar sales the gain will be taxed as capital gain rather than as ordinary income.

The Commissioner in the case of the sale of land and crops takes the position that the growing crops can be treated as having been sold separately from the land and that such crops are not the kind of property which may be treated as capital assets within Section 117 (j).

The District Court (in the *Irrgang* case) does not agree with the position of the Commissioner. It views the entire citrus property, land, trees, and growing fruit as property used in the trade or business of the taxpayer. It sees the fruit as part of

the tree, just as the leaves and branches are. Since the tree is used in business, the crop is also used in business. Thus the entire property sold is used in the taxpayer's business.

The court further recognizes that the land and trees are all real property. The growing crop is related to and an integral part of the estate to which it is attached when a sale of property is involved. (The Florida courts, where the case arose, had already held in *Adams v. Adams*, 28 So. 2d 254, that crops unseparated from the trees are part of the real estate.) A further step in the court's reasoning was that the fruit on the tree was not includible in inventory. Since the taxpayer's business was to sell mature fruit (as a product separate from the grove), the sale of the land and the trees with the fruit unharvested was not a sale of property of a kind that the taxpayer held for sale to her customers in the ordinary course of her business.

Court Disagrees

In the *Irrgang* case, the court refused to follow the reasoning of the Commissioner of Internal Revenue set forth in I.T. 3815 (1946). The Bureau of Internal Revenue, in issuing I.T. 3815, had considered the sale of a citrus grove and had held that portion of the selling price must be allocated to the fruit on the trees. The Bureau noted that the sale of immature fruit is prevented by both state and Federal laws. However, it claimed that the production of the fruit crop was primarily for the purpose of selling the fruit to customers in the ordinary course of business. Hence, the fruit must be treated as property held primarily for sale to

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METHODS and IDEAS

Household Tax Service

THE PUTNAM TRUST COMPANY of Greenwich, Connecticut, has a new service that handles the Social Security Tax returns for customers employing domestics.

Under the present law an employer who pays as much as \$50 to a household employee working as many as 24 days during a quarter must deduct 1½ percent from the wages, and send the amount, plus an equal payment for himself, to the Collector of Internal Revenue. A report of the wages paid, the employee's name, and Social Security number must accompany the payment.

The PUTNAM designed and copyrighted a check, for customer use in paying domestics, which would tell the bank at a glance whether a Social Security tax was due at the end of each quarter.

"This check," says Vice-president Vincent F. Ostrom, "clears through the housewife's ordinary checking account. When we take the check out so that we will have the information available for use in preparing the tax return, we put in a substitute debit memo so that she can balance her books. When we have determined what tax, if any, is due, we charge the account, prepare the return, and forward it, with the payment, to the Collector.

"The number of people who have

been willing to pay \$10 per domestic for this service has astounded us. We have had inquiries from banks all over the country and have made the service available to a number of them for a modest fee.

"Operating techniques have been resolved down to a ledger sheet, forms to be used when an employee leaves a job, report forms, etc."

Mr. Ostrom says operating costs are not high because the service can be handled in off-peak intervals in the 30 days following a quarter. It is "a remarkable source of additional income," and a valuable public relations enterprise, for "it may be an entering wedge to show our larger customers what a bank can do for them in the way of custody accounts."

The PUTNAM also expects to get business from the domestics who come in to cash their checks.

The NEW ROCHELLE (New York) TRUST COMPANY, which is using the service, promotes it actively through newspaper ads, radio spots, circulars, and statement stuffers. This bank also has a form letter, for customer signature, authorizing the debit of the checks from regular accounts.

Teachers Are Bank's VIPs

THE FIRST NATIONAL BANK OF SAINT PAUL helped celebrate Employer-Employee-Education Day in

its city by entertaining 56 school teachers in an unusual way.

After a tour of the bank the teachers were guests at a "VIP Luncheon." The Very Important People sat down with the bank's VP's and other executives to enjoy a "First National Chop House" meal. The printed "Schedule of Digestible Dividends" listed these courses:

LOANING OFFICERS SALAD—
Well Chilled
POULLETE A LA CHAMPIGNON—
Courtesy Foreign Banking
Department
GOVERNMENT HEADACHE—
Shoestring Style
ASSORTED GREENS—Fresh from
U. S. Printing Office
FROZEN ASSET WITH INTEREST
HOT TIP COFFEE

* * *

No tipping, please. Deposits accepted through regular channels only.

After the luncheon officers of the bank and the First Trust Company conducted a panel discussion at which the teachers' questions were answered. A week later a luncheon menu, with a picture of the group attached, was mailed to each teacher.

Bank Sells Savings Bonds at Drive-in Opening

THE UNION NATIONAL BANK of Charlotte, North Carolina, opened an up-town drive-in with a program that promoted U. S. Savings Bonds.

Designating the office as "Bond Bank for a Day," the UNION sold more than \$32,000 in Uncle Sam's securities at a decorated booth during its open house festivities. In addition, the bank gave \$2,000 worth of the bonds to fortunate signers of "opportunity cards."

President George S. Crouch, welcoming 8,000 visitors, stressed the importance of buying Savings Bonds. Allison James of Greensboro, state

The Social Security tax check

| | | | | |
|---|--|--|--|---------------|
| PUTNAM HOUSEHOLD TAX SERVICE | | No. _____ | | 51-147 211 |
| 1. WAGES THROUGH _____ 19__ | | GREENWICH, CONN., _____ 19__ | | |
| 2. DAYS WORKED _____ | | PAY TO THE ORDER OF _____ | | |
| 3. GROSS PAY \$ _____ | | _____ DOLLARS | | |
| 4. LESS 1½% F.O.A.D. _____ | | _____ | | |
| 5. NET PAY \$ _____ | | _____ | | |
| EMPLOYEE'S SOCIAL SECURITY NUMBER _____ | | THE PUTNAM TRUST COMPANY OF GREENWICH GREENWICH, CONNECTICUT | | |
| SPECIMEN | | | | |

director of the Treasury's Savings Bond Division, sent a congratulatory message. There was also a letter from the Treasury.

No banking business was carried on at the drive-in on opening day.

Golden Rule Mortgage Servicing

CAREFUL, friendly servicing of mortgages makes for good public relations. Add promptness to this little formula, and you expand its usefulness not only to the bank but, in the long run, to the borrower.

Richard A. Booth, president of the SPRINGFIELD (Massachusetts) INSTITUTION FOR SAVINGS, developed that thought in an informal discussion at a meeting of Financial Public Relations Association members. Talking at a clinic on mortgage lending, he emphasized that the mortgage service man's contacts with borrowers are important factors in determining the community's opinion of the bank.

The servicer must understand, Mr. Booth pointed out, the importance of his job from the public relations standpoint. Perhaps the worst publicity a bank can get is a reputation for being "rough," and the mortgage man should be sympathetic and really interested in the borrower's problems. He mustn't be a "tough guy," but a man who thinks in terms of human relations, who can put himself at the borrower's level, and tries to help smooth out difficulties.

"The good servicer," asserted the Springfield banker, "looks at his job as a real opportunity. He likes his job and sees clearly the desirability of doing by the borrower as he himself would like to be done by, were their positions reversed.

"Careful servicing of mortgages helps establish a bank's position in the community. It shows the public that folks get a square deal at your bank. It's good public relations."

The Institution for Savings keeps 15, 31 and 90-day delinquency records. Maintained over a considerable period, they provide the bank with some indicators as to the economic circumstances governing its territory.

The approach to the short-term delinquent—the man who's only a couple of weeks behind—is based on that careful—friendly—prompt for-



A few of the 8,000 visitors who came to see The Union National Bank's new Charlotte, N. C., drive-in which was being operated as "Bond Bank for a Day." The men in the foreground are Radio Commentator Grady Cole; Allison James, state director of the Treasury's Savings Bond Division; and the bank's president, George S. Crouch

mula. The bank has found that writing letters isn't effective; people just get the habit of waiting for the bank to remind them of a payment due. The telephone approach is much better. So, on the 15th day of delinquency, the bank calls Mr. Tardy, reminds him of his bill, and asks him to bring the money in. Frequently the tardiness has been an oversight and the payment is forthcoming.

In the case of longer delinquencies the bank makes additional tele-

phone calls and sometimes personal visits. (The latter method is used, of course, when the borrower has no phone.) But the aim is always to get the mortgagor into the bank. The theory is—and it works—that the delinquent will be impressed with the seriousness of his obligation if he's facing the mortgage officer across the latter's desk.

The servicer today, Mr. Booth believes, needs more collateral information than was formerly required.

(CONTINUED ON PAGE 126)

More than 12,000 people visited the Merchants National Bank and Trust Company of Syracuse, New York, during the open house that marked the bank's 100th birthday. There were balloons and candy for the children, orchids for the ladies, door prizes, a buffet lunch, and a guessing contest on how long a big birthday candle would burn. Many visitors took a guided tour of the bank. In the bookkeeping department, below, they saw a contrast between old and new methods.



Protecting Bank Records Against Bombing

JOHN R. VINCENS

Mr. VINCENS is a member of the Legal Department of the American Bankers Association.

In November *BANKING* he discussed statutes of limitation and suggested some general rules to govern the handling of old records. His December article was on the subject of record retention statutes in the various states, and in January he covered the subject of micro-filming.

THERE is, of course, very little chance of your receiving a direct hit from an atom bomb, if for no other reason than that there are so many banks, and, reportedly, so few atom bombs.

If your bank building is destroyed, you can find a new place to ply your trade. But if your records, the tools of your trade, are gone, you will have the devil's own time getting back into business.

The likelihood of your being in or out of business thenceforth will depend in large measure upon the plans you make now to protect your vital records.

If the gloomiest possible approach to the problem is the best possible precaution, then perhaps you owe it to your bank and its employees, customers, and stockholders to assume that you will be hit and to plan accordingly.

Of course, a well thought out records retention program is not an absolute necessity. You can take your chances and maybe never get hit. And if you do get hit, you might be able to get back into business, at least in a limited way, even if all your records are destroyed. Your insurance broker might still be alive and only too glad to get you duplicates of your policies; your customers might lend you their last monthly statements and give you their word as to how much more you owed them; you might get some cash from the then equivalent of the RFC; a search of the records in the county recorder's office, if it is still standing, would eventually disclose properties on which you held mortgages.

The legislature might help you too, as legislatures have done after great public calamities, such as the San Francisco fire of 1906. It would likely provide that you could get a new charter and seal, could get the courts to confirm such accounts as you could reconstruct and identify, and authorize you to hold unidentified accounts for "unknown owners." (See, e. g., Cal. Stats. Ex. Sess. 1906, pp. 71, 72, 73, 78, 84; Stats. 1907, pp. 53, 950, 998.)

Such aids might get you by if you are interested only in reconstructing your records in a rather general way, don't mind considerable waiting, and aren't bothered about the many accounts—both your customers' and your bank's—that might be consigned to "unknown owners" for eventual escheat to the state. But a

planned retention program might make you sleep better in any event.

Programs used or suggested by others can assist you in your planning. Many banks and clearinghouse associations have already instituted programs. The Bank Management Commission of the American Bankers Association is preparing a study for the guidance of member banks which will be distributed soon. The next issue of *BANKING* will carry a bibliography of available material on records retention. This article will make some general suggestions. But the responsibility of protecting your records is your own. Your own conscience and common sense should be your final guides in deciding what plan is best for your bank.

A comprehensive program might start with a listing of all the types of records kept by your bank, classified according to their relative importance to you. If you already have a destruction schedule for old records, this part of the job will be well along.

Various classification terms and definitions have been used or suggested, and suggested plans of classification have been prepared by the National Association of Mutual Savings Banks and others. However, what you call your classifications is unimportant; if you are planning for an atom blast you will have only two classes of records—*essential* and *desirable*.

Your *essential* records consist of irreplaceable documents of historical significance; all records which you consider indispensable for continuing relations with your customers; and those necessary to collect your insurance and accounts receivable, and to protect yourself against claims—in short, those necessary to establish your asset and liability position.

Your *desirable* records are those which fill in minor details of essential records, or provide for the smooth conduct of everyday operations.

Next, decide how you are going to protect your essential records from destruction. Obviously, it will be impossible to give them all the maximum protection necessary to insure their coming through the blast. Their sheer volume and the necessity of using many of them in everyday operations makes it financially and physically impossible. Some of them are bound to be destroyed.

Happily, however, your records are not works of art. Most of them are not kept for their looks, but for the information they convey, and that can be obtained from copies as well as from originals. If all of your original records are destroyed, but you still have a complete set of duplicate records, you'll still have records for most practical purposes. Decide how you can get a complete set of duplicates of records you have now and will make in the future.

Next, arrange to store the duplicates in some one

place unlikely to be touched by warfare. Try to select a place near enough for convenience and economy, but far enough from likely target areas to compensate for poor marksmanship, faulty navigation, jettisoning of bombs or just plain cussedness on the part of many enemy fliers. Select a place where your duplicates will be free from damage by fire, water, vermin, insects, dirt, mildew, and, if possible, bombs.

Since you may assume that when the bomb hits and the smoke clears you and your employees will no longer be around, plan for the reconstruction of your bank's asset and liability position by personnel completely unfamiliar with your duplicate records. Provide for indexing, identifying and filing them so that they will be readily accessible and understandable, and put with them instructions for the guidance of your successors. The duplicates will then be ready to fill in for your originals almost as soon as you—or your successors—can get to them.

If it should become necessary to use any of them in the courts to prove any part of your assets and liabilities position, you should experience little difficulty compared to what you might encounter if you had no duplicates and no evidence of the contents of your original records other than abstracts, oral testimony or allegedly related records.

If your duplicates consist of microfilms or photo-stats, you should encounter the least difficulty in states which have enacted laws making photographic copies of bank records primary evidence, or the equivalent of originals for purposes of evidence—unless, of course, the law provides that the original record must attain some certain age before the photographic copy may also be considered an original.

You should not encounter too much difficulty in getting them admitted as secondary evidence in other states when you explain to the court what happened to the originals, and, usually, how, when, and why the copies were made.

If you have made copies by other means you may, under present laws and rules of evidence, have varying experiences. There is a technical distinction between a "copy" and a "duplicate," and some courts make more ado about it than others. For example, a copy made by the same impression that made the original—such as a typed carbon copy—may be considered a "duplicate" and therefore primary evidence. Yet in some states it may be necessary to account for all other "duplicates," including the original, before you can get yours admitted. A copy made at some time after the original is a "copy" and is secondary evidence, requiring even more preliminary explanation than a "duplicate."

Thus, before embarking on any wholesale copying program, ask your attorney what you will have to do to get your copies admitted and what, if anything, you can do at the time of making them in order to simplify their admission—such as having them certified as true copies, or collecting proof as to the time, manner, and reasons for making them. Some such precautions will be necessary until the states have enacted statutes broad enough to cover the wholesale duplication of bank records required in wartime. A suggested form of legislation for the purpose may be found in the American Bankers Association's Model State Banking Code, Section 2.111 F:

Any bank may cause any or all records at any time in its custody to be reproduced by the microphotographic process and any reproduction so made shall have the same force and effect as the original thereof and be admitted in evidence equally with the original.

Now, go back and take a look at your bank to see what you can do to protect things there from needless destruction. Don't write off your original records just because you have copies.

Take a look at your vault. It's the safest place in your bank. Hundreds of vaults passed the test of war in Europe and one American-made vault came safely through the atom blast at Hiroshima. Use it to protect those original records you would least want to lose—records of historical importance, your charter, your minutes, your currency, important contracts, securities, mortgages and other such documents; consign to its safety as many of your vital records as it will hold; use it for overnight storage of vital business machines that may be hard to replace or repair in wartime.

But remember that safety is relative. Not all vaults are equally strong, and two identical vaults may offer varying security, depending on the sturdiness of the buildings which house them, the manner in which they are placed in the buildings, and their locations in the buildings. An underground vault is less vulnerable to fire and blast than one above ground, while that one,

(CONTINUED ON PAGE 152)

One large bank has drawn up a plan which is keyed to present conditions rather than to an "alert" situation. This is a practical idea where the management considers its location and the nature of its community such as to warrant something less than all-out preparedness for a bomb hit. Such a plan, of course, needs revising from time to time. Here are some excerpts:

| | |
|--|--|
| General ledger entries | — microfilm daily |
| Outstanding cashier's and certified checks | — microfilm monthly |
| Dormant account ledger cards | — microfilm yearly |
| Bond transfer journal sheets | — prepare in duplicate instead of singly as at present |
| I.B.M. tapes | — make master tape in duplicate |
| Legal opinions—present | — microfilm |
| Legal opinions—new | — obtain extra copy |
| Data pertaining to early history of bank | — move from advertising department to security vault |
| Unposted daily items | — change night storage from bookkeeping department safe to storage vault |
| Blueprints of bank building | — change location from purchasing department to the out-of-town storage area (where all duplicates are kept) |
| Combinations to safes and duplicate keys | — change from safe deposit vault in bank to safe deposit box in some outlying bank |

Working With Schools

ROBERT J. HANNELLY

DR. HANNELLY, dean of Phoenix College, Phoenix, Arizona, spoke before the American Bankers Association's "Public Relations Workshop" held in that city last December. Below are parts of his discussion on that occasion.

IF every banker would embark boldly upon some of the plans set forth in the pamphlet *Your Bank's Relation with Schools*,* the problem of public relations between banks and schools would be solved. I recommend this pamphlet for your deep study. However, I should like to develop my point according to the following outline:

- (1) The bank's tour
- (2) Talks and films in class
- (3) Establishing rapport with teachers and with school administrators
- (4) Taking part in the direction of schools

First, under the heading of bank tour, I should like to outline the following steps: I believe that the principal or superintendent should be approached first for the privilege of approaching the teacher; in fact, the principal could be asked to send a memorandum to the business department chairman or to the business teachers to pave the way for the visit from the bank official. Also, I think that it would be wise to take only business students. Especially in a large high school it would be impossible to have all of the students take tours through the bank.

The arrangements should be made very carefully with the teacher, especially as to timing. I believe that the teachers might react very enthusiastically to the prospect of breaking the monotony and the students would react probably even more enthusiastically.

Also, I would suggest that the bank furnish a bus. Now, a class may have from 27 to 35 students in it, and, if a proper-size bus is obtained, the class will just about fill it.

Before the tour is started the personnel of the bank should be instructed very carefully on how to receive their young visitors, and, of course, a definite plan with trained guides should be carried out. It might be worth while to give each student some kind of a souvenir to make him remember his tour of the bank. Each student might be asked ahead of time to bring a little money if he wished to open a bank account. If the bank wishes to invest some money in this form of public relations, it might add to the student's change in order to start a savings account.

Tour Needs Planning

The bank tour should be conducted according to a definite step-by-step plan. It should be interesting and should have dramatic high spots. There should also be some humor and some human interest. There should be an effort to convey the basic facts about the bank.

Teen-age youngsters are always ready for something to eat. They have stomachs like hourglasses. Therefore, refreshments would leave a good taste in their mouths. I can imagine that such a tour might be a bit trying upon the employees of the bank. However, I believe it would pay to keep up a procession of such tours until the business students all had had a chance to visit the bank. Among these students are the future businessmen of the town and the future depositors of the bank.

"They're trying everything to attract and start customers young"



We now turn to the subject of talks and films in class. It seems to me, in the matter of scheduling talks and films, that it would be wise for the bank representative to have a conference with the business department chairman or the business teacher. It would be wise to become specific as to the time and place of these talks. Also, it would help the teacher if the banking representative would ask what kind of talk would do the most good. Perhaps the teacher would be willing to set up an outline of questions. While this might necessitate a bit of preparation on the part of the banking representative, it is the sort of thing that the teacher does all the time. Talks and films, I believe, are much better than pieces of literature. It is too easy to discard a piece of literature. However, if explanatory literature is used, it would be better to have it in very simple language, possibly in cartoon style.

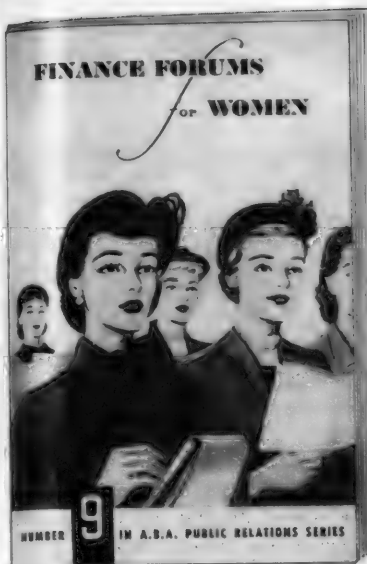
Establishing Rapport

We come now to the third point, that of the establishment of rapport with the teachers. First, I should like to characterize teachers. They are not financiers. Possibly they might be regarded as slightly on the gullible side in financial matters. They need financial advice. They are morally good and they are good financial risks. The teacher works nine months to earn the money on which he must live for 12 months. In the three months of the summer he is expected to go to summer school or to travel in order to advance in his profession. During the entire year he is expected to wear quite respectable clothing. It seems to me that the banking interests in American communities have never made a proper pitch to the teacher, especially in regard to financial matters. He can borrow money—certainly—but he must borrow it on the same conditions as the day laborer.

Some years ago in Pittsburgh, teachers owed \$1-million to the small loan companies which were charging a nominal interest of 3½

(CONTINUED ON PAGE 134)

* No. 5 in the Public Relations Series of the American Bankers Association.



MISS GILDERSLEEVE is assistant secretary of the Trust Division, American Bankers Association. She cooperated with the A.B.A. Public Relations Council in the preparation of the manual on finance forums for women, described in this article.

AN outstanding trend in bank public relations during 1950 was the launching by one bank after another of Finance Forums for Women. From the fall of 1949 until the end of 1950, 35 such forums were held by 32 banks, and many more are planned for 1951. Several have already been announced as annual affairs.

There are several fundamental reasons why, suddenly, banks should be sponsoring financial forums "For Women Only." In the first place, on the part of the banker there is:

(1) A growing awareness of the need of an intelligent citizenry, informed on economic and financial matters, if communistic and socialistic propaganda are to be combated and our free enterprise system maintained.

(2) A sensing of the fact that because of his specialized knowledge and staff it is the banker's responsibility to take a leading part in that educational work.

(3) A gradual realization that women as a group are eager for financial and economic information and are responding to it enthusiastically as soon and as fast as it is offered.

How to Run a Financial Forum

GENIEVE N. GILDERSLEEVE

(4) A knowledge that by informing and educating women on financial matters the information to some extent is passed on to the husbands and children and other friends and relatives and the whole community is benefited.

Secondly, on the part of women generally, there is:

(1) Increasing worry about what is happening to the value of their money and to their family's financial future as a result of inflation, ever-increasing taxation, and the international situation, of which problems the daily newspaper headlines and radio and television commentators are constant reminders.

(2) A definite desire to inform themselves on personal financial planning, wills, estates, taxes, and

trusts, life insurance and social security, and fundamental investment problems, which are the four basic subjects around which these bank-sponsored finance forums for women center. Investment in income real estate and mortgages and consideration of our economic system round out the picture in the more elaborate meetings.

(3) A deep appreciation for the efforts of those bankers who have sensed the need of women for financial and economic information and who have gone out of their way to supply it in an interesting, friendly, and flattering way.

For example, such slogans as "For the Lady of the House," "For Women Only," "To the Ladies," are being

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Contents of the A.B.A. Finance Forum Kit



The Country Banker



Bankers attending the Carolina Bankers Conference at Chapel Hill inspect tobacco experimental work at an experimental station of the North Carolina State College of Agriculture

North Carolina's Better Farms Plan

JAMES BISHOP, JR., and C. BRICE RATCHFORD

BANKING often publishes stories of individual farm relations activities here and there. In this article we put together in a comprehensive story facts about North Carolina's agricultural program. It is the states with broad general programs such as this that lead the way toward better bank-farmer relations.

MR. BISHOP is assistant cashier and manager of the farm service department of the Bank of Greensboro. MR. RATCHFORD heads the farm management and marketing department of North Carolina State College of Agriculture in Raleigh.

Garland Johnson, president of the Bank of Elkin brought to the presidency of the North Carolina Bankers Association a record of outstanding service to agriculture in the Elkin community. This background will be invaluable to the North Carolina banks in 1951, since it will be Mr. Johnson's policy during his administration to give pre-eminence to the association's agricultural program.

NORTH CAROLINA bankers have a splendid record of assistance to their agricultural customers, and well they might, for more than 21 percent of the income of the state is from agriculture and 40 percent of the state's workers are employed in agriculture.

With the transition from cotton and tobacco crops to grass and live-

stock farming, the banks stepped in and provided the credit needed by farmers to effect an orderly change-over from row crops in a one-crop system.

The present agricultural program of the North Carolina Bankers Association logically falls into five groups of activity. It is being carried forward with the assistance of North Carolina State College and is designed to encourage and help bankers to render an even better service to agriculture. We shall take up the five groups in order:

Agricultural Section of Bankers Conference

In 1949 an agricultural section was added to the Carolinas Bankers Conference, held during the summer at the State University, Chapel Hill, and which is participated in by bankers of both North and South Carolina. So general was the response, that the section was continued in 1950. M. M. Kimbrel, executive vice-president, First National Bank of Thomson, Georgia, lectured and conducted discussions. The varied subjects discussed included: Real Estate Appraisals and Loans; Crop Loans, Their Appraisal and Mechanics of Handling; Livestock Loans; Equipment Loans; Soil Building and Conserving Loans; Pasture Improvement Loans; and the Farm Credit File.

All phases of agricultural financ-

ing were fully presented and discussed during the five-day sessions. Too, a very excellent discussion on public relations was led by Nicholas Jamba, vice-president of The National Bank and Trust Company of Norwich, New York. Included in the coverage were: Public relations in the bank, public relations on the farm, and public relations in general. Attendance at the agricultural section exceeded that of any other conference division, with gratifying results. At the next annual convention of the North Carolina Bankers Association in May, recommendation will be made to make the agricultural section a permanent part of the Carolinas Bankers Conference.

Farmer-Banker Meetings

Farmer-banker meetings are being held each year in various geographical areas. Six meetings were held in 1949 and four in 1950. The association is considering increasing the number and coverage in future years.

The objective of these conferences is to bring about a closer relationship, a better understanding, and a more cordial friendship between farmers and bankers. They usually begin at two o'clock in the afternoon, with the afternoon devoted to a visit to and inspection of a good farm of average size, for which the owner has kept proper records; has followed soil-building and conserving practices; and has practiced di-

versification of operations. The various phases of the farm's development and operation are pointed out and explained at frequent stops by representatives of the several agricultural agencies of the county and state, who have had a hand in and are familiar with its progress. In the evening a delicious dinner is served, usually by the ladies of the community. The host at these dinners usually is the Federal Reserve Bank of Richmond, which, with the several departments of State College and the Extension and Soil Conservation services, has given wholehearted cooperation.

To these events are invited representatives of all the agricultural agencies in the area involved, together with the directors and officers of the banks. The interest and attendance have been highly gratifying. Both bankers and farmers have expressed much pleasure and satisfaction at the resulting fellowship and profit.

Agricultural Clinics

North Carolina bankers fully recognize that it is their responsibility to finance the livestock business in the state on a sound basis. From a purely selfish viewpoint, all bankers are being urged to offer every encouragement to farmers to change over from row-crop to livestock farming to insure the future success and stability of their own organizations.

To implement the program of livestock financing, the North Carolina Bankers Association will sponsor an agricultural clinic in each of its 10 area groups during February and March. The purpose of these clinics is to stimulate interest in livestock credit; to awaken bankers to the opportunities in this field; and to give bankers some of the technical information they need when embarking on a livestock financing program. North Carolina State College of Agriculture will cooperate fully in conducting the clinics and its specialists will be present to discuss beef and dairy production, farm management, and banking problems associated with financing livestock production.

Forestry

North Carolina bankers recognize that the state's forests are among its top assets and, through its commit-

tee on forestry, the association is working closely with the State Forestry Department to conserve this essential resource. The chairman of the association's forestry committee is affiliated with and active in the North Carolina Forestry Association and is assisting in coordinating the programs of the two bodies. Both are vitally concerned with the problem of preserving and protecting our trees and in future planning and planting, to the end that the products of our forests may continue to contribute materially to the state's prosperity.

Public Speaking Contests

One of the most successful of the association's undertakings and one which has received wide acclaim and approval is its public speaking contest, conducted in two separate divisions—one section for the white high schools and the other in the Negro high schools.

The contest in the white high schools has been operative for some six years and is on a statewide basis. The Negro high school contest was initiated in 1949, with 16 counties in four of the association's groups participating. This year, Negro schools in five of the 10 groups will take part and it is planned to have statewide coverage of the colored high schools within the next two years.

Prizes offered in both divisions are identical at the state and group levels, with variations, dependent upon the local interest and support, at the county level. To the state winner in each section the association awards first, second, and third prizes of \$200, \$100, and of \$50 in Treasury Savings Bonds. The white winner of first prize is also given a trip to the annual convention of the association at Pinehurst, with all his expenses and those of a companion paid.

The Negro student is given the opportunity of attending the Carolinas Bankers Conference at Chapel Hill, with expenses of himself and an escort paid. In both instances, the students are invited to address the respective bankers' meetings. State finals for white contestants will be held in April in the Capital City of Raleigh, in all probability at State College, and for colored contestants at the Negro Agricultural and Technical College, Greensboro, at about the same time.

The contest subject last year was "Soil Conservation," and for 1951 it will be "Pastures—Their Place in the Economy of North Carolina." Approximately 5,000 students competed in the 1950 contests, and it is expected that well over 6,000 boys and girls will enter the 1951 competition. In planning and following through on the public speaking contests, the association receives invaluable help from the Extension Service of State College.

Summary

Several of our larger banks have set up full-time agricultural departments, and others are employing competent outside men who are familiar with the problems of farmers and are capable of intelligently advising with them concerning their needs and operations. From month-to-month a greater number of our banks are taking this important step and are thereby strengthening their position and creating much goodwill among our farm citizens.

Constructive thinking and careful planning are being given by the North Carolina Bankers Association to the essential task of properly serving agriculture on a sound basis. Committees composed of experienced men, sympathetic towards farmers and farming and possessing the qualities of leadership and initiative, have been named to effectuate the association's agricultural program. It is confidently felt that the progressive bankers of our state can and will accept the challenge that lies before them in this field.

Committee Chairmen

General chairman of the association's agricultural committee is W. D. Halfacre, executive vice-president, Bank of North Wilkesboro. Heading the subcommittees are: Farmer-Banker Meetings, G. Harold Myrick, executive vice-president, The First National Bank of Lincoln; Livestock Financing and Public Speaking Contests in White Schools, James Bishop, Jr., assistant cashier and manager, farm service department, Bank of Greensboro; Public Speaking Contest in Negro Schools, J. H. Wheeler, vice-president, Mechanics and Farmers Bank, Durham; Forestry, John D. Chalk, Richmond County Bank, Rockingham; and Better Farm Records, H. B. Copeland, cashier, Bank of Ahsokie.

Demand for Farms Boosts Farm Land Prices

AN all-time high in farm real estate prices reflects the new record highs for the post-World War II period in 23 states. In spite of this general movement forward, there are still 15 states where the current index (November 1950) is below that of March 1920 which represents the peak of farm land prices following World War I. These are: Georgia, Idaho, Iowa, Maine, Minnesota, Missouri, Nebraska, Nevada, North Dakota, South Carolina, South Dakota, Utah, West Virginia, Wisconsin, and Wyoming. (See Table I.)

Current values in Alabama, Connecticut, Kentucky, New Jersey, North Carolina, Rhode Island, and Tennessee are farthest above their 1920 levels.

The index of farm real estate prices reached a new high of 179 (1912-14 = 100) on November 1, 1950. This information is based on a recent release of the Bureau of Agricultural Economics, USDA. The previous high of 177 was reached on November 1, 1948, after which they declined until November 1, 1949, when they stood at 168.

At that point, however, they began moving upward again and by July 1, 1950, had reached 172. In the movement upward during the past year, land prices rose in every state. Florida's increase of 19 percent was the greatest. Increases of 10 percent or more occurred in Illinois, Indiana, Iowa, Minnesota, and Texas. In Missouri, Nebraska, and South Dakota, the increases were more than 7 percent.

Demand for Farms

The rate of farm real estate sales

Table I
Farm Real Estate

*Index numbers of average value per acre, by states,
November 1950 compared with March 1, 1920*

| November 1950 | | | March 1920 | | |
|----------------|------|------|---------------|------|------|
| State | 1950 | 1920 | State | 1950 | 1920 |
| North Carolina | 355 | 223 | Arizona | 176 | 165 |
| Kentucky | 288 | 200 | Illinois | 176 | 160 |
| Tennessee | 281 | 200 | Kansas | 174 | 151 |
| Alabama | 279 | 177 | Wyoming | 171 | 176 |
| Arkansas | 256 | 222 | Iowa | 169 | 213 |
| Mississippi | 253 | 218 | Delaware | 167 | 139 |
| Florida | 241 | 178 | Pennsylvania | 165 | 140 |
| Virginia | 239 | 189 | Idaho | 164 | 172 |
| Louisiana | 230 | 198 | Massachusetts | 160 | 140 |
| Oklahoma | 218 | 166 | Washington | 158 | 140 |
| Maryland | 214 | 166 | New York | 156 | 133 |
| South Carolina | 210 | 230 | Colorado | 154 | 141 |
| California | 209 | 167 | Wisconsin | 153 | 171 |
| Michigan | 207 | 154 | Oregon | 147 | 130 |
| Connecticut | 199 | 137 | West Virginia | 145 | 154 |
| New Jersey | 199 | 130 | Utah | 144 | 167 |
| Texas | 198 | 174 | Nebraska | 140 | 179 |
| New Mexico | 195 | 144 | New Hampshire | 140 | 129 |
| Rhode Island | 191 | 130 | Maine | 139 | 142 |
| Indiana | 189 | 161 | Missouri | 132 | 167 |
| Georgia | 188 | 217 | Montana | 132 | 126 |
| Minnesota | 183 | 213 | North Dakota | 118 | 145 |
| Vermont | 181 | 150 | Nevada | 111 | 135 |
| Ohio | 178 | 159 | South Dakota | 104 | 181 |
| | | | United States | 179 | 170 |

declined for the third consecutive year. With farm real estate prices again moving upward, there is generally a stronger demand for farms than a year ago—which may mean an increase in the velocity of sales. There is a substantial increase in the number of inquiries to buy farms. This has come mainly "since Korea" and from these buyers:

(1) Businessmen and investors who are buying productive farm land for cash as a so-called hedge against inflation.

(2) Farmers who already own land and want to increase the size of their business to take advantage of expected higher return from farming.

(3) Persons who have delayed the purchase of land in the expectation that land prices would be lower.

In November 1950, the Agricultural Commission of the American Bankers Association surveyed the county key bankers (title varies among states), and members of state bankers associations' agricultural committees to determine the change in farm land prices and the farm credit picture in all agricultural counties.

(CONTINUED ON PAGE 118)

Table II
Farm Buyers
(Latter Half of 1950)

| | U.S. | North-east | South | Mid-west | West |
|---------------------------------------|------|------------|-------|----------|------|
| Farmers already owning farms | 46% | 43% | 44% | 48% | 59% |
| Farmers previously renting farms | 17 | 15 | 16 | 21 | 16 |
| City people (for investment purposes) | 13 | 6 | 17 | 14 | 11 |
| City people (for home in country) | 11 | 26 | 10 | 6 | 5 |
| City people (for self-operation) | 8 | 6 | 9 | 6 | 5 |
| Former farm wage employees | 5 | 4 | 4 | 5 | 4 |

"Farmers with Sound Livestock and Poultry Programs Are Solid Contributors to this Community"



W. J. Alverson and W. G. Moultrie discuss progress of livestock and poultry programs in Marshall County, Ala.

"Our job is to help farmers in our community grow in livestock and poultry production," says W. G. Moultrie, manager of the State National Bank, Albertville, Ala.

The usual crop farmer around Albertville, Ala., uses about half of his time to grow crops. All too often the other half is wasted. Recognizing this, the State National Bank there has had its field representative, W. J. Alverson, cooperate with local forces to bring added interest in livestock and poultry production.

This bank has found that one of these forces is the local Purina Dealer. A number of this firm's customers have been doing very well with fryer

chickens and many have wanted to expand their operation. As about three-fourths of the State National Bank's business is agricultural, the Purina Dealer directs his customers to the Bank for loans.

On the success of the arrangement in Albertville, Bank Manager W. G. Moultrie says, "Great strides have been made here to raise the standard of living. We are working with the Purina Dealer, and he with us, because we firmly believe that what is good for local farmers is good for both of us."



OPPORTUNITIES IN YOUR COMMUNITY

There are new opportunities for community building in your town, too. Why not make it a point to talk over the livestock and poultry possibilities of your area with your Purina Dealer soon?

If you do not have a Purina Dealer in your town now, find out about the Purina Franchise as an opportunity for young men in your community. Purina Chows for livestock and poultry and Purina Sanitation Products are distributed from 32 strategically located plants and carry the Checkerboard label, rural America's best-known trade-mark.

For more information on the Purina Franchise, write to Department C.

RALSTON PURINA COMPANY

1605 Checkerboard Square

St. Louis 2, Missouri

NEWS *for Country Bankers*

This news covering various aspects of country banking was compiled by MARY B. LEACH of BANKING'S staff.

State Meeting of Farm Representatives

SEVENTY-FIVE bank agricultural representatives attended a one-day, statewide meeting in Waco, Texas, recently, after two enterprising Texans, V. S. Marett, president, and George V. Holmes, assistant vice-president and agriculturist of the Gonzales State Bank, sent out a call for such a meeting. The meeting was held in Waco at the behest of Walter G. Lacy, Jr., president, Citizens National Bank, who acted as host and assisted in plans for the meeting.

Mr. Marett, who is a member of the Agricultural Commission of the A.B.A. and chairman of the Commission's Committee on Outside Programs, opened the meeting with an outline of objectives. This was followed by a panel on operations—"The Operations of an Outside the Bank Program." Panel participants included: Mr. Holmes, presiding; W. H. Kelly, vice-president, Victoria National Bank; Arvle S. Elliott, vice-president, Victoria Bank & Trust Co.; and O. "Dooley" Dawson,

vice-president, Second National Bank, Houston.

A management panel, led by Mr. Marett, discussed the "Benefits of an Outside Bank Program."

Besides the agricultural representatives, the following groups were invited to participate through general discussion at the conclusion of the program: Federal Reserve Bank of Dallas; agricultural and soil and water conservation committees, Texas Bankers Association; Extension Service, A. & M. College; Soil Conservation Service, USDA; Production Marketing Administration; and State Director of Vocational Agriculture.

"Our discussion throughout the day was very interesting," writes Mr. Marett, "and a good number of those present participated in the question and answer period. Everyone present was highly enthusiastic about the meeting and a number expressed the opinion we should have additional meetings of this nature in the future."

Area Salary Survey Guide

As a supplement to the Country Bank Operations Commission's study of a few months ago on "How to Set Up a Salary Program in the Smaller Bank," an area salary sur-

vey guide is being prepared by the Commission and will be available within a few weeks.

The salary survey guide will show operating officers of the smaller banks how to evaluate the soundness of their own salary programs by comparing them with salaries paid by competing industries within their trade areas.

Tenth Farm Loan Survey

THE tenth national survey of bank lending to agriculture was launched last month by the Agricultural Commission of the A.B.A.

Continuation of the survey program was announced by W. W. Campbell, Commission chairman, who noted that this year's survey is of the greatest importance in that it will provide valuable data on the financial strength of American farmers and the extent to which they are prepared to meet the needs of the defense program.

The questionnaire requests individual banks to furnish the Agricultural Commission with total dollar amounts loaned and total number of loans made during 1950 as well as outstanding as of December 31, 1950 on all types of loans: (1) Real estate mortgage loans secured by farm land; and (2) loans made to finance production.

After the survey has been completed, the Commission will release figures for each state and for the nation as a whole.

65 Outside Representatives Named

THE agricultural committee of the Maryland Bankers Association has induced 65 banks to name agricultural representatives to assume general responsibility for agricultural activity within their institutions. Hubert P. Burdette, president, First National Bank, Mount Airy,



The Oklahoma Bankers Association presented awards to 255 farmers in 16 soil conservation districts in recognition of their conservation achievements. Executive Secretary Eugene P. Gum presents the "banker award" to Sam Denison for outstanding accomplishment. The rest of the Denison family were onlookers at presentation.

and chairman of MBA's agricultural committee, is highly gratified by the response and has urged banks that have not yet appointed outside representatives to do so.

Reporting on this achievement in *Banking News*, organ of the Maryland Bankers Association, Chairman Burdette said that "these men will receive regular mailings from the University of Maryland, the Soil Conservation and Forestry services, and other representative agricultural agencies to keep them fully apprised of agricultural developments within their own areas and throughout the state."

Mr. Burdette is chairman of the Soil Conservation Committee of the A.B.A.'s Agricultural Commission.

Emphasis on Free Enterprise

PROGRESS under the American free enterprise system reflected in the change from hand to power methods in U. S. agriculture is emphasized in a new 66-page illustrated book entitled *Land of Plenty*. This publication was compiled and written by Bert S. Gittins of Milwaukee in collaboration with the advisory council of the Farm Equipment Institute. It is available to banks in quantity lots at a nominal charge. They may have three-line imprints.

The book's contents cover these topics: Victory Over Famine; Fifty Dark Centuries—Then Light; Progress and the Plow; Soil Preparation (Pictorial); As Ye Sow . . . and Cultivate; Planting and Cultivating (Pictorial); From Flail to Freedom; Harvesting (Pictorial); All Flesh Is Grass; Hay and Forage (Pictorial); More Time to Live; Specialized Equipment (Pictorial); Muscles to Motors; Tractor Power (Pictorial); Major Milestones in Farm Mechanization; Interesting Facts About the Farm Equipment Industry; Who Gives Us Inventions?; March of Progress in Agriculture; Man-hours to Produce Crops; The Better Life.

Requests for information should be sent to the Institute at 608 South Dearborn Street, Chicago 5.

Bank Rewards FFA Boys

THE Chester County (Pennsylvania) Bankers Association, composed of 21 banks, made it possible through a conservation contest for 16 Future Farmers of America boys to enjoy a two-day all-expense trip



"Suppose Mr. Wilkins will extend my crop loan for a while? My plow hit some kind of darn hole yesterday and my fields are flooded over with oil right now."

to Washington; for three FFA chapters to win cash awards amounting to \$50; and for 43 members of nine FFA chapters to receive certificates of merit for advance conservation farming.

The contest was conducted among 300 boys to whom points were awarded on the basis of establishing more than 30 different conservation practices. Each lad was awarded 100 credit points who had a complete conservation plan made for his home farm in cooperation with the Chester County Soil Conservation District. USDA conservation technicians helped the boys make the plans, lay out the work, and supervised its development. A certificate of merit was awarded to each 1,000-point winner.

Austin N. Yerkes, cashier, National Bank at Oxford and president of the Chester association, organized this activity, which represents an investment of \$500.

Mr. Yerkes reports that the FFA boys strip cropped more than 1,000 acres, improved more than 500 acres of pasture, and planted more than 10,000 trees during the contest.

Posterama on Money and Banking

THE Florida banks have just undertaken one of their largest single projects for 8,000 Future Farmers of America boys and their vo-ag teachers. They are distributing a Posterama consisting of a series of educational units on money and banking.

Instruction with the materials will be fitted into the regular curriculum now being followed by the teachers. Local bankers are making themselves available in the program in the event their services are needed in the instruction or in connection with a tour through the local bank.

This project is under the direction of G. R. Griffin, vice-president, The Exchange National Bank, Tampa; and J. A. Ansley, cashier, Lee County Bank, Ft. Myers. Mr. Griffin is chairman of the agricultural committee and Mr. Ansley is chairman of the public relations committee of the Florida Bankers Association.

New Farm Program Booklet

THE 11 action projects sponsored by the Agricultural Commission of the American Bankers Association are outlined in an attractively illustrated booklet entitled *A Program for Country Banks 1951*, recently mailed to the officials of state bankers associations.

The Commission's program covers youth activities, soil conservation, forestry, livestock, farm land prices, agricultural lending procedures, outside farm programs, farm credit schools, GI farm loans, agricultural outlook, and research in farm credit.

Copies of the booklet are available through state bankers associations or by writing to the Commission directly.

Farmers Income Tax Handbook

SAMUEL M. MONATT, New York and Chicago C.P.A. and authority on Federal income taxation of farmers, has written *1951 Farmers Income Tax*, published by Commerce Clearing House, Inc. This is the fourth edition of one of the pioneer handbooks on farm tax problems, dealing exclusively with the problems of the average farmer, the individually owned or partnership-operated farm.

Throughout, the aim of the author in this new book is to make understandable the peculiarities involved in preparing and filing a farm income tax return. Accordingly, he discusses in detail every transaction in connection with taxes on farm operation, as well as personal transactions as they affect the income tax of most farmers.

The author discusses both of the basic forms of tax reporting—the

(CONTINUED ON PAGE 101)

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*50% credit
within the*



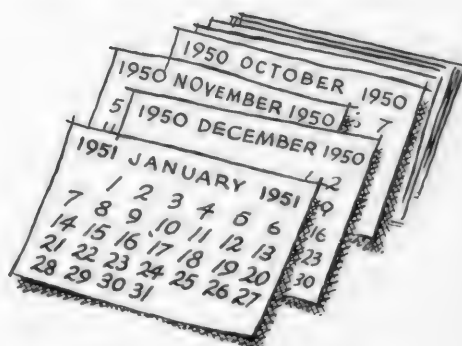
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Then take 50% of this total—that's the substantial credit allowance you will receive if you choose to own, rather than rent, your Recordak Microfilmer.

This attractive offer enables you to buy—at surprisingly low cost—equipment that has already proved its worth in your bank.

And with this low cost, there's still another worth-while value—two years of free maintenance service . . . including parts replacements, if necessary.



Yes, it's easy to understand why more than a thousand banks have already taken advantage of this outstanding offer. And the chances are you'll want to capitalize on the credit you've built up, too. So call in your local representative for all the facts . . . or write us. Recordak Corporation (*Subsidiary of Eastman Kodak Company*), 444 Madison Avenue, New York 22, N. Y.

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RECORDAK

(Subsidiary of Eastman Kodak Company)

originator of modern microfilming—and its application to banking systems

The Investment Market

Governments—Other Securities

Government Bonds

MURRAY OLYPHANT

MR. OLYPHANT, on the faculty of The Graduate School of Banking, is a Government bond and money market specialist.

EVERY time anyone in the Government says anything about budget expenses they are bigger. Taxes won't be big enough to offset the deficit for the 1951-52 fiscal year. Every effort will be made to sell deficit financing outside of the banking system, but once again the commercial banks will have to be the underwriters of what is left over. Confidence in the market for Government securities is essential to successful new financing of whatever nature. Market stability while the banks are absorbing the impact of the raised reserve requirements would go a long way toward establishing the needed confidence. The equilibrium of the market is maintained by the operations of the Open Market Committee. There are excellent reasons now that it should be so maintained.

Results of December and January Refinancing

As a result of the ready receptivity of the Open Market Committee for the 1½ percent bonds and the 1⅞ percent certificates prior to their maturity on December 15 and January 1, respectively, about 40 percent of the \$6,850,000,000 new 5-year 1¾ percent are now owned by the Federal Reserve banks. In spite of this willingness by the committee both to buy and to supply other shorter term issues, many holders of the maturing issues simply let them

run off for cash payment. As a result the Treasury Department was hit for a cash total of \$1,155,000,000—\$320-million on December 15 and \$835-million on January 2.

This (perhaps unexpected) cash drain necessitated heavier than usual drafts on the tax and loan accounts of the member banks which were called upon to provide \$1,666,000,000 between December 15 and January 9. However, December tax receipts were substantial and expanded military costs have not yet started to become due for payment, so that a budget surplus of \$470-million was reported for December, the net result being that on January 3 the balance in the General Fund of the Treasury was still over \$3,382,000,000, only about \$250-million less than on December 14.

Last year there was a budget surplus of \$44-million for January. This year a deficit for the month seems probable, but, even so, the Treasury balance appears to be more than ample to cover cash requirements until the first quarter tax receipts are available during March. The Treasury is not as flush as it would have been had not so many holders of the December and January maturing issues refused to take what was offered in exchange, but their doing so does not bring any closer the probability of new financing by means of new marketable issues.

Savings Bonds to Be Emphasized

The basis of noninflationary financing by the Government is to drain off excess savings which otherwise would compete for a lowered

supply of consumer goods. Taxes do this most effectively and will be imposed as far as politically possible. Purchases of Government securities by other than commercial banks is the next major objective. Savings Bonds proved their value and effectiveness from 1941 to 1945, during which there were sales of over \$43,750,000,000 of Series E and over \$15-billion of Series F and G Bonds. Over half of these E Bonds and somewhat less than one-quarter of the F and G Bonds have since been redeemed.

To deter the redemption for cash of maturing Savings Bonds the Treasury has for some time been permitting holders to "reinvest the proceeds as they mature" in new E Bonds "without regard to the annual limitation" of such holdings. This privilege currently applies to holders of Series D Bonds maturing from January 1, 1951, to April 30, 1951.

That perhaps some new offer would be made to holders of Series E Bonds (which commence to mature on May 1) was hinted by the statement of the Treasury that "its policy with respect to Savings Bonds of Series E 1941" would be announced later. Furthermore, the Treasury is actively organizing a country-wide campaign to stimulate new sales in every way possible. To be forced to pay off the \$21-billion of Series E Bonds maturing between May 1, 1951, and the end of 1955 would very seriously interfere with the sound objective of the Treasury to hold private investment at the

(CONTINUED ON PAGE 66)



THE ROYAL BANK OF CANADA

Head Office, Montreal

JAMES MUIR
President

BURNHAM L. MITCHELL
Vice-President

T. H. ATKINSON
General Manager

Condensed Annual Statement

as on 30th November, 1950

ASSETS

| | |
|--|--------------------|
| Cash, checks and balances with other banks..... | \$ 471,113,083.00 |
| Government and other public securities, not exceeding market value | 1,042,365,803.19 |
| Other securities, not exceeding market value | 104,282,016.90 |
| Call loans | 100,004,499.11 |
| Other loans and discounts | 688,725,564.27 |
| Liabilities of customers under letters of credit | 69,437,689.31 |
| Other assets | 21,447,686.59 |
| | <hr/> |
| | \$2,497,376,342.37 |

LIABILITIES

| | |
|--|--------------------|
| Capital, reserve and undivided profits | \$ 86,835,866.95 |
| Notes in circulation | 249,989.10 |
| Deposits | 2,337,503,468.93 |
| Letters of credit outstanding | 69,437,689.31 |
| Other liabilities | 3,349,328.08 |
| | <hr/> |
| | \$2,497,376,342.37 |

Over 750 Branches

IN CANADA, ARGENTINA, BRAZIL, BRITISH GUIANA, BRITISH HONDURAS,
COLOMBIA, PERU, URUGUAY, VENEZUELA, CUBA, HAITI, PUERTO RICO,
DOMINICAN REPUBLIC, BRITISH WEST INDIES. OFFICES IN NEW YORK,
LONDON AND PARIS. CORRESPONDENTS THE WORLD OVER.

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THE ROYAL BANK OF CANADA (FRANCE)

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EDWARD C. HOLAHAN
JOSEPH W. GANANN
Agents

(CONTINUED FROM PAGE 64)

highest possible levels, and would lead to an increase in the amount of new financing which would have to be done through the banking system.

At the moment the prospect seems to be that holders of E Bonds will be offered an extension of maturity at a rate somewhere between 2 and 3 percent. The bonds are all registered and holders would receive checks for accrued interest. The right of redemption at par would be continued, but this is merely a suggestion. Whatever the Treasury decides to do should have the unqualified support of all bankers and of all those who realize the inflationary implications of financing forthcoming deficits by the creation of new credits in the banking system.

U. S. Debt Changes During 1950

During 1950 the total U. S. gross debt declined \$428-million. This resulted from:

A decline in the marketable issues of \$2,673,000,000.

A rise in the non-marketable issues of \$2,125,000,000.

A decline in special issues of \$189,000,000.

A rise in "other" and guaranteed issues of \$309,000,000.

During the year holders of nearly \$4-billion of called or maturing issues took cash instead of accepting new issues offered in exchange. There was an increase of about \$1,300,000,000 in the amount of Treasury bills as a partial offset to the effect of the cash redemptions on the total of the debt.

The rise in the nonmarketable debt resulted from an increase of about \$1-billion in the outstanding amount of Treasury savings notes and of about \$1,300,000,000 in amount of outstanding Savings Bonds. The latter, however, includes an increase of over \$1,100,000,000 of "accrued discount," so that only about \$200-million of cash went to the Treasury from sales of Savings Bonds during the year.

Special issues would have risen over \$2,500,000,000 except for the rebate of premiums to holders of Government life insurance policies, which totaled enough to result in the decline in these issues of \$189-million. A smaller rebate will be paid this year, but the increased Social Security taxes will probably result in more than offsetting such

payment so that the Treasury should gain cash from this source during 1951.

The composition of the marketable debt was sharply altered as the result of the Treasury refinancing policies. Over \$10-billion of bonds were paid off; over \$24-billion of certificates disappeared; and over \$31-billion was added to the Note category.

This year is certain to result in an increase in the gross debt. Marketable noneligible bonds will, it is hoped, provide what new money will be needed. This, together with new Savings Bond sales in excess of redemptions, might obviate the necessity of selling anything new to the commercial banks during 1951. From June 15 to December 15 nearly \$39-billion of notes and bonds must be refunded. It is a safe assumption that the maturities of the refunding issues will be kept within the 5-year maturity range and that interest rates for the respective maturities will be no higher—if as high—as they are today.

Not "Left to Itself"

Last month this department remarked that after the turn of the year the market for Government securities "might display recuperative powers if left to itself." It was not "left to itself."

On December 29 the Board of Governors of the Federal Reserve System amended the supplement to Regulation D governing reserves required to be maintained by member banks by increasing these requirements by 2 percent on net demand deposits and 1 percent on time deposits. The blow of the increases

was softened somewhat by spreading the dates on which the increases would become effective from January 11 to February 1. But in that period nearly \$2-billion of member bank funds would cease to be available to produce earnings.

The needed additions to the member bank reserve accounts at the Federal Reserve banks were estimated for the respective dates as follows: \$700-million on January 11; \$425-million on January 16; \$575-million on January 25; and \$275-million on February 1. As excess reserves on January 3 were estimated as \$1,206,000,000, there would be about \$800-million more which would have to come from somewhere else, even if the excess were to disappear entirely, which it certainly could not.

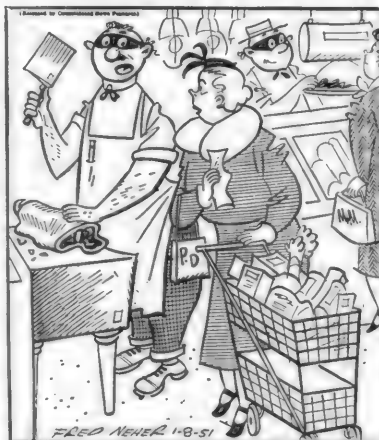
Where Will the Money Come From?

The action of the Board of Governors was stated to be a final attempt to stop the increase in loans—business loans primarily—as Regulations W and X are fully expected to be effective in the area of consumer and real estate lending. The Board has no more restrictive power over member bank reserves except that 2 percent more could be imposed on the net demand deposits of the Central Reserve City banks. To the extent that the loan total shrank during January, banks would find it necessary to sell Government securities, which is their only way of getting the funds; but to expect a shrinkage of anything like \$2-billion of new requirements was not only hardly realistic but would be most unfortunate in its effect on business volume.

It followed that an indefinite amount of Government securities would have to be sold by member banks as the new and higher reserve requirements became effective. Hence the various estimates as to how many governments would have to be added to the total portfolio of the Federal Reserve banks by February 1; running from a minimum of something under \$1-billion to nearly the full amount of \$2-billion.

The final answer might be better than expected. For one thing, there could be a return of money in circulation of as much as six or seven hundred million dollars or more before the end of January. Last year

(CONTINUED ON PAGE 152)



"Everybody accuses us, so we decided to look the part!"

481 Banks in all parts of the nation have been
Central Hanover correspondents for 50 years or more



CENTRAL HANOVER BANK AND TRUST COMPANY

NEW YORK

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W. A. M. Burden & Co.

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Phelps Dodge Corporation

COLBY M. CHESTER
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America Fore Insurance Group

JOHN B. CLARK
President, The Clark Thread Co., Inc.

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President, J. P. Stevens & Co., Inc.

HENRY P. TURNBULL
Montclair, New Jersey

WILLIAM WOODWARD
New York, N. Y.

Statement of Condition, December 31, 1950

ASSETS

| | |
|--|---------------------------|
| Cash and Due from Banks | \$ 530,225,048.56 |
| U. S. Government Securities | 605,050,557.30 |
| State and Municipal Securities | 43,036,062.80 |
| Other Securities | 16,688,814.56 |
| Loans and Bills Purchased | 547,060,337.78 |
| Real Estate Mortgages | 8,339,566.92 |
| Banking Houses | 9,650,009.00 |
| Interest Accrued | 2,478,818.91 |
| Customers' Liability on Acceptances Outstanding | 7,325,899.55 |
| Total | \$1,769,855,115.38 |

LIABILITIES

| | |
|-----------------------------------|---------------------------|
| Deposits | \$1,616,865,824.38 |
| Acceptances | \$14,248,920.67 |
| In Portfolio | 5,089,421.33 |
| Reserves: | |
| Taxes, Interest, etc. | 6,620,111.49 |
| Dividend: | |
| Payable January 2, 1951 | 1,050,000.00 |
| Capital | \$21,000,000.00 |
| Surplus | 90,000,000.00 |
| Undivided Profits | 25,159,680.17 |
| Total | \$1,769,855,115.38 |

There are pledged to secure public monies and to qualify for fiduciary powers
U. S. Government Securities carried at \$46,660,302.23

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

A bank is known by the correspondents it keeps



GENDREAU

Pouring an aluminum casting to be used in an airplane engine

The Aluminum Industry

H. EUGENE DICKHUTH

The author is a financial writer on the New York Herald Tribune.

IF current plans materialize, the capacity of the aluminum industry will be expanded to a metal output seven times greater than in the 1940 defense effort. The resultant ability to manufacture will be one of the keystones of the new preparedness program involving, notably, aircraft.

Admittedly, against the 2-billion Asians who may be lined up opposite the Western democracies, one of the weapons of defense and offense in which the United States can outproduce the world is aircraft. And airplanes may be the one decisive element in the struggle. That is why aluminum production is of such vital importance at the present time.

Another light, strong, and corrosion-resistant metal which may join aluminum for this strategic purpose is titanium. A very large body of ilmenite, the most common titanium ore, has been discovered fairly recently in the Province of Quebec, insuring future supplies for both primary uses and as an alloy to conserve other strategic materials.

Ore was first obtained from substantial deposits on beaches in India, but political and other uncertainties

made manufacturers turn to North America. At present, Du Pont is working Florida beach sands and National Lead has large titanium properties in upstate New York. The tremendous Allard Lake, Quebec, bodies are owned by Quebec Iron &

Titanium Corporation, whose stock is held by Kennecott Copper Corporation and New Jersey Zinc.

The aluminum industry's production amounted to about 1,435,000,000 pounds in 1950, a total exceeded only by that of 1943 and 1944 and 19 percent higher than the 1949 output of 1,207,000,000 pounds.

By making use of several standby aluminum plants in the process of reactivation, production can probably be increased 18 percent by mid-1951. In the meantime, curtailed civilian consumption will have to pay for larger military requirements, which are still moving slowly from the planning and blueprint levels into specific factory orders.

Three prominent aluminum producers have made arrangements with the Government to increase their capacity about 640-million pounds by 1952, and new producers may enter the field, as well, in the meantime.

Industry will receive several measures of assistance in this expansion. (CONTINUED ON PAGE 104)

The Investment Markets

WHILE final figures for 1950 will not be available for some time, estimates are that offerings of new securities by American corporations approximated the \$6-billion level of 1949. Figures for the first nine months about equaled the \$4.8-billion level for the corresponding period of the preceding year. About \$3-billion of this were public offerings, the balance private placements.

The heavy and continuing construction programs of the electric and gas companies brought equity and debt issues of the utilities to about \$2.1-billion in the first three quarters, or 44 percent of all corporate flotations.

Manufacturing companies raised over \$700-million, or 15 percent of the total. Finance and real estate issues came to \$500-million and rail issues to a little less than that level.

New issues of states and their subdivisions mounted in 1950 to the highest level ever attained. The total will be about \$3.75-billion, against \$3-billion in 1949.

Underwriting became very competi-

tive in 1950 and profit margins tended to narrow.

Industry is expected to come to the capital markets in the current year for enormous sums in order to gather the financial sinews of a vast armament production increment. The Securities and Exchange Commission estimates outlays for new plants and equipment during the third quarter alone at \$4.8-billion, or 30 percent above similar expenditures in 1950's first three months.

Financial trends at this time suggest that corporations will be able to do their financing more preponderantly in the form of equities than in debt obligations. For many years, low interest rates and poor stock markets inclined management to rely on retained earnings or preferred stock and bonds.

With the markets for common shares broad and generally well sustained, the swing of late has been toward equity financing again, and this will undoubtedly continue, if good stock trading carries on, since it is in the interest of sound corporate financial structures.



THE CHASE NATIONAL BANK

OF THE CITY OF NEW YORK

STATEMENT OF CONDITION, DECEMBER 31, 1950

RESOURCES

| | |
|---|---------------------------|
| Cash and Due from Banks | \$1,499,884,121.82 |
| U. S. Government Obligations | 1,477,758,049.01 |
| State and Municipal Securities | 174,288,180.62 |
| Other Securities | 205,103,370.02 |
| Mortgages | 40,072,985.04 |
| Loans | 1,815,387,721.79 |
| Accrued Interest Receivable | 9,461,559.45 |
| Customers' Acceptance Liability | 24,159,936.78 |
| Banking Houses | 28,808,642.57 |
| Other Assets | 8,087,192.38 |
| | <u>\$5,283,011,759.48</u> |

LIABILITIES

| | |
|---|---------------------------|
| Deposits | \$4,871,424,027.90 |
| Dividend Payable February 1, 1951 | 2,960,000.00 |
| Reserves—Taxes and Expenses | 13,705,613.08 |
| Other Liabilities | 16,554,966.72 |
| Acceptances Outstanding | 28,036,105.85 |
| <i>Less: In Portfolio</i> | 2,675,961.92 |
| Capital Funds: | |
| Capital Stock | \$111,000,000.00 |
| (7,400,000 Shares—\$15 Par) | |
| Surplus | 189,000,000.00 |
| Undivided Profits | <u>53,007,007.85</u> |
| | 353,007,007.85 |
| | <u>\$5,283,011,759.48</u> |

United States Government and other securities carried at \$300,217,095.00 were pledged to secure public and trust deposits and for other purposes as required or permitted by law.

Member Federal Deposit Insurance Corporation



The Fourth National Bank of Wichita, Kansas, had standing room only at its Women's Finance Forum

Forum Audiences Ask for More

BANKING's survey of bank activity in the financial forum field points up two results very clearly: The sponsoring bank is always more than satisfied with the results; each forum creates a demand for more.

Almost without exception, banks all over the country report capacity attendance coupled with requests for more meetings. Public relationswise, some banks report the largest volume of publicity they've had on any activity.

While the forums have, in almost every case, been undertaken as a community service, they have resulted also in better relations and new business.

Completes Four Forums

First National Bank of Minneapolis, a pioneer in the financial forum field, tells BANKING that the publicity resulting from its forums brought many inquiries from banks throughout the United States and Canada, even from Hawaii and India.

Briefly, the bank held a forum for women. The ladies talked it over with their husbands; the husbands

asked for—and got—a forum of their own. A second forum for women was held. Then "graduates" from the two women's series were invited to participate in an "advanced" forum, and over half of them (some 500) attended the third series. A second forum for men will begin on February 12. Score: four forums completed; one coming.

B. S. Woodworth, assistant cashier, says First National received more than 100 inquiries for details on how it handled the project. The bank has answered all inquiries with a nine-page outline containing full information on planning and programming.

Malcolm McDonald, executive vice-president, sums up the bank's point of view: "The interest of other banks in the idea was naturally gratifying since we believe that every business, at its own level and in its own way, should adopt a program directed toward preservation of the enterprise system. Forums on personal financial planning are one way to bring about better public understanding of the profit system and every American's stake in it."

Forum for Men; Also for Teachers

The Birmingham (Michigan) National Bank's first forum for women was so successful that a demand was forthcoming for two others: One was an "Economic Forum for Business Men," the other, a similar meeting for teachers.

Edythe Crandell Peck, the bank's director of public relations, in telling BANKING about the spring forum last year, gives much credit to the "able group of men" who were the speakers.

"The entire effort," Mrs. Peck says, "left us with a distinct impression of not only a broad interest . . . in the community for such subject matter, but of a genuine appreciation on their part for the bank's service in making the program available. We have come to regard it as just the beginning of a service which we might well carry on each year."

Mrs. Peck concludes: "Ultimately, we hope to have reached these areas in the community—the home, the church (with plans for a financial planning and budgeting program to

be given for young married couples), the schools, business, and our staff. We think of the effort as a 'community workshop' in which we learn to understand each other better by working together toward a common goal."

Forums With Tours

The Paterson (N. J.) Savings and Trust Company finds that "general reactions to the forum in the community have been good." Verne S. Atwater, assistant secretary, says "the publicity provided by the local papers was considerably greater than for any other public relations venture which has been conducted by the bank recently."

At this institution a bank tour was held in connection with two of the meetings. More than 25 percent of the audience visited the bank and were introduced to officers in each department. A reception in the bank cafeteria concluded the tour.

Mr. Atwater notes that "when we announced our first forum we had many inquiries from women who were unable to attend afternoon sessions because of business or family responsibilities. There appears to be a demand for another series scheduled for evening hours, and there is a possibility that we may conduct such a series."

Each Meeting Held Twice

"Is there a demand for another series? Yes, unquestionably," says Vincent A. Carrozza of the Republic National Bank of Dallas.

Republic ran a series of five meetings, but each meeting was held twice: once in the morning and once in the evening. "The evening session," Mr. Carrozza says, "was composed primarily of business and professional women; the morning session, mostly home managers."

"Would you say that the project is worth while?" BANKING asked. "Yes," said Mr. Carrozza, "and from the reactions we had from the women attending the forum, they thought so, too."

While Republic's forum series was designed as part of a "more comprehensive public relations program," the bank feels sure that some new business will result.

Results "Most Gratifying"

The Rutherford (N. J.) Trust Company offered a series of three

trust forum meetings last spring. The meetings were held in the evening and were well attended by men and women, almost equally.

"These meetings," according to Mrs. Edith Lull, who was in charge for the bank and acted as chairman, "were planned as a public service—but also with a view to increasing business. The excellent immediate results reported by our trust department were most gratifying."

"As our first forum experience proved so worth while, we felt it should not be dropped there. Therefore, in November, we ran a series of Women's Finance Forums, for women only." This was planned, says Mrs. Lull, "solely for the purpose of offering an instructive, educational program for the women of Rutherford and surrounding localities." All speakers were women.

"Although we did not look for any immediate outstanding results, we have received the nicest comments and praise regarding the entire program, and we feel we have made many new friends as a result," Mrs. Lull reports, adding that many women who attended now feel free to stop in the bank to chat about the meetings. "It is also a pleasure when some of these women's husbands stop in to tell us how pleased

they are that their wives had the opportunity to attend."

Women Eager to Learn

Peoples Trust Company of Bergen County, Hackensack, New Jersey, found that the women were "eager to learn as much as they could about financial matters," says President Charles E. Blackford, Jr. "We have already been asked by a number of women to put their names on our list for an invitation to the next forum which we anticipate holding in the fall of 1951."

"While we are offering the program as a public service, we naturally hope to build up goodwill. The reactions have been entirely favorable. We certainly think it is worth while."

Samuel S. Rodman, vice-president of The Hartford-Connecticut Trust Company, tells BANKING that some business has resulted from its forum, which was offered as a public service, without emphasis on the bank or its functions.

Mr. Rodman makes the point that it is essential for speakers on these programs to present their subjects clearly and simply so that they can be fully grasped by the audience. His bank is considering a second series.

Inquiring Depositor

TYPICAL of the questions asked—and answered—at forums (and in banks) throughout the country are the ones reported here from the recent forum series at New York's Town Hall (BANKING, Jan. 1951).

Aviation Stocks

Q. Please comment on stocks of airplane manufacturing companies.

A. Aircraft manufacturing companies are unlike most other businesses. There are approximately 15 manufacturing companies which do 85 percent to 90 percent of the business in the United States, and, as far as the manufacture of transport and private planes is concerned, their production for commercial businesses is quite limited. Existing antitrust laws prohibit mergers of

aircraft companies, with the result that the competition is especially severe.

Aircraft manufacturing stocks are difficult to appraise earnings-wise since their product is built to a specific order and it is purely a contract business. In the second World War, the aircraft industry was subject to profit limitations, and while aircraft companies made handsome profits during the war, the fantastic profits that were anticipated did not materialize.

Following the cessation of hostilities after World War II, the industry had an excess capacity, which, for purposes of national defense has been, more or less, subsidized. The reason is obvious, since our Government has termed the aircraft manufacturing companies ready "insur-

ance" against any unforeseen emergency. Events have proved they were right, as can be seen from the outbreak of the Korean war. The latter has paved the way for war orders. However, it is difficult to appraise just what net earnings would accrue to these companies if cancellations occurred and in view of the fact that contracts would probably be subject to the Negotiations Act of 1948.

Growth Stock

Q. What is a growth stock?

A. A growth stock is generally taken to mean the common or capital shares of a company which in terms of sales, earnings, dividends, and financial strength is growing at a faster rate than the average of all companies. For instance, in the recent past, the better television stocks have been considered growth stocks because, obviously, the market for television sets is growing at a much faster rate than the market for products in general, or let's say for example, automobiles.

Well managed chemical and ethical pharmaceutical concerns have been considered growth stocks because they've been able, through research, to add new products so that, when done successfully at any given point in the business cycle, they're moving faster than the average. From a practical point of view, it's of course important that the new products they add represent a net gain for the company. For instance, television manufacturers all make radios and the business for radios

has been declining. One could not consider a television set maker a growth company unless he gained more from television than he lost from radio. As a matter of fact, this has been the case with the leading companies so far.

Then there's the practical question of whether the price medium that ordinarily has to be paid for growth stocks makes them a good buy. Any company that has been successfully growing, where investors expect it to continue to grow successfully, will sell at a price that takes into account some of the expected growth. Sometimes this figure is excessive, sometimes it's pretty nearly correct, and sometimes it isn't even adequately measured. Of course, the thing that makes it right or wrong is a change in the rate of growth—from slow to fast or from fast to slow. It is thus quite possible to pay too much in the market for a growth stock. One could come off with a less satisfactory investment than buying a fairly static company at a big discount.

Timing

Q. Granted that this is not a favorable time to start an investment program, would you say that this is a good time to sell stocks in which one has a profit?

A. Selling stocks at a profit is always good business. However, even if we agree that the time is not favorable to start an investment program, I would say that selling purely to take a profit with the hope of buying them back cheaper is risky

business. A decision to begin an investment program involves many factors and requires individual tailoring. For example, the need of current income may require continuous investment.

The economy may slow down but it just doesn't stop, and even in 1932 many companies made money. One could probably dispose of marginal companies or static industries. However, certain prime stocks should be held because of normal growth. This is a fairly broad subject with many ramifications, and, of course, one would have to take each individual case on its own merits.

Dealers—Brokers

Q. How much capital must one have to invest to hold the attention and interest of a broker? What is the cost of service?

A. The casual investor is often apt to confuse the broker with the dealer. There's quite a difference. A dealer or an investment banker is practically always a principal. He buys wholesale, so to speak, and sells at retail—just like an automobile dealer, for example. He's interested in selling the wares he has on his shelf or the wares he can obtain at a special discount. The Buick dealer doesn't want to sell you a Chrysler automobile. The same thing applies in the securities business. Dealers who handle open-end trusts and mutual funds don't own them but they get an especially high selling commission.

The broker, on the other hand, is purely an agent and he makes his living from the commission he charges for filling orders. If he's a member of the New York Stock Exchange, the commission is very low. For instance, the commission to purchase 100 shares of Woolworth stock at \$48 a share, involving the investment of \$4,800, is only \$30.80. This commission was originally intended just to cover the cost of buying the stock and the details of seeing that it's a good delivery, etc. Competition has forced the rendering of many additional services, such as helping people to decide what to buy, and watching it for them after they have bought it; and in some cases even keeping the stock in the broker's safe deposit vault and remitting dividend checks. Brokers nowadays publish market letters and they do a great deal of investment research

(CONTINUED ON PAGE 74)

An interested audience at a forum of the Republic National Bank of Dallas





Popular and realistic trend!

These all-electric G-E homes were financed by a Chicago lending institution under the "Packaged Mortgage" Plan!

17,000 people lined up one week end to see these builders' homes in the Chicago area, and 131 of the houses were sold in one week at \$10,950 each.

One of the principal attractions of the house is the General Electric Kitchen-Laundry. Another great attraction is the popular and realistic trend of financing: A Chicago lending institution financed the all-electric kitchen-

laundry by including it in the mortgage. (Even today it adds as little as \$5.94 extra a month!)

This makes it possible for many people to afford a General Electric house. It makes the buyer a willing mortgagor. And it protects the lending institution's interests.

More and more lending institutions are now financing homes under the "Packaged Mortgage" Plan.

Why not plan on having General Electric Kitchen-Laundry equipment included in the "Packaged Mortgage." We think you, too, will find it very worthwhile. Home Bureau, General Electric Company, Bridgeport 2, Connecticut.

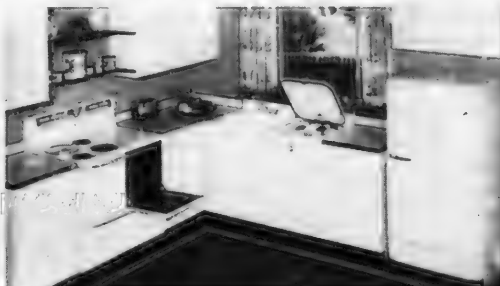
Think of these advantages to your lending institution:



Homeowners are more willing and able to meet payments because they need *not* assume short-term obligations for needed appliances.



Your mortgagor has a truly up-to-date house, one he's proud to maintain, thus protecting your interest in the property.



Remember, too, that the economical operation, low maintenance and long life of General Electric kitchen appliances may offset the slight increase in the home buyer's monthly payments.

You can put your confidence in—

GENERAL  ELECTRIC

INQUIRING DEPOSITOR

(CONTINUED FROM PAGE 72)

work. The business is profitable because the profit on the larger orders and from the larger customers is great enough to more than offset the excessive cost of handling the smaller orders and doing business for the smaller customer. All the leading New York Stock Exchange firms, however, make it a matter of principle to give good service to

anyone regardless of how little capital he has to invest—and most of them make no extra charge for this effort.

The New York Stock Exchange itself advertises to new investors everywhere, which includes the smallest and totally inexperienced, as well as possible new large investors. Because of the smallness of the commission fee, brokers are often charged with getting their customers to buy and sell frequently with-

out good investment reason, and they are also often charged with diverting the customer from the ordinary New York Stock Exchange markets into securities where they get a higher commission. Both charges are probably true—true in some cases—and decidedly not true in others; and like everything else, it's all a question of selecting one of the leading firms and getting a sincere registered representative to handle your account.

How to Protect a Nest Egg

INEZ WHITELEY FOSTER

For this article Miss FOSTER interviewed EDGAR SCOTT, author of the popular book "How to Lay a Nest Egg." The interview particularly stresses the protection of a nest egg, once you produce it.

WHEN a book by a first-time author hits a high mark in best seller lists, it's a pretty good indication of the sort of thing the ladies and gentlemen of America want to read. In that category is Edgar Scott's *How to Lay a Nest Egg*, a revelation of the financial facts of life published by the John C. Winston Company.

Senior partner in the New York and Philadelphia firm of Montgomery Scott & Company, Mr. Scott is a former governor of the New York Stock Exchange, former president of the Philadelphia Stock Exchange, and a director of several corporations.

In casual, humorous style, Author Scott explains the mysteries of high finance, tells how investment works, why it pays off, how one can learn to make even a small nest egg grow—and grow—and grow.

It turns out that Mr. Scott, previous to his long experience as stockbroker, was once a newspaper reporter on the Philadelphia *Public Ledger*.

Previously, he studied playwriting at Harvard, and followed Robert Sherwood and humorist Robert Benchley to the presidency of the famed *Lampoon*.

Trust the "nose" of an ex-news-

paper reporter to know which facts of life will prove of greatest interest to people! In simple language, Edgar Scott has unshrouded many of the awesome veils of mystery surrounding finance, explains such terms as "venture capital," "debentures," "rights to subscribe," tells how stock exchange commissions are based. For newcomers, he also explains the difference between preferred and common stock, what happens when a new stock is issued, how to buy stocks in a particular industry at a time favorable for it.

A great deal of this information, it appears, is news to Mr. and Mrs. Public who, perhaps as never before, are watching now to see what happens not only to their present dollars, but are openly apprehensive about tomorrow's.

Edgar Scott



The Richard Decker cartoons in this article are from "How to Lay a Nest Egg," Copyright 1950, The John C. Winston Co. (Used by permission of the publisher)



The "Rainy Day" People Plan For

It seems that many people do not know that as little as \$200 can be ably invested . . . that they can give a small investment all the advantages of a big one . . . that investments can be made in all degrees of relative safety (the greater the risk, the greater the return) . . . that stock returns keep up with the cost of living, while fixed returns do not . . . that, if they own securities, ignorance of investment terms and practices can cost them money.

According to Mr. Scott, lots of people, women especially, "suffer from the delusion that brokers don't want to be bothered with small amounts. The answer to that one is simple," he says. "Just try it and find out for yourself. You will be surprised and delighted by the warm welcome you and your few hundred dollars will get." And he also writes:

"Don't be cagey about your \$500 or \$1,000. Plenty of people have that kind of money to invest. Insist that your broker know almost as much about your financial affairs as you do—otherwise he can't possibly give you his best advice."

(CONTINUED ON PAGE 76)

THE royal governors of five colonies met with General Edward Braddock in the Blue Room of the Carlyle House, Alexandria, Virginia, in April 1755. The purpose of the council was to discuss the colonists' participation in the French and Indian War and to plan Braddock's Indian campaign. George Washington, then only twenty-three years of age, was also invited to join the group on account of his knowledge of Indian warfare. Though Washington was made a member of Braddock's staff with the rank of major, because of his youth, the general was reluctant to follow his advice.

A few days after the meeting Braddock's expedition set out from Alexandria only to

Famous American Homes



CARLYLE HOUSE

scene of fateful decisions



Washington presented this gift to the Carlyle children

be overwhelmingly defeated in a disastrous battle near Fort Duquesne in which the general lost his life and three-quarters of his troops were killed, wounded or missing. To prevent the enemy from knowing of Braddock's death his men secretly buried him and concealed his grave by driving heavy wagons across it. At the midnight burial Washington read the service after which he led the thirty survivors of his force back to Alexandria.

A tax on the colonists to finance the French and Indian War was proposed by the governors in their historic meeting in the Blue Room. Preceding the Stamp Act by ten years, it was the first of the levies which were to incite rebellion against the British government. As the first demand for taxation originated in the Carlyle House, the home has often been referred to as "the place where the Revolution was born."

Owner of the house was Colonel John Carlyle, one of Alexandria's wealthiest men and a prominent social and political figure. Emigrating from his native Scotland to Dumfries, Virginia, in 1740, with two fellow countrymen he later moved up the



Blue Room, scene of councils and battles

Potomac to the site of Alexandria of which they became founders and trustees. Every year on St. Andrew's Day kilted bagpipers and other members of the local St. Andrew's Society pay tribute to the Scots who founded Alexandria.

For many years Carlyle carried on a prosperous trading business with Glasgow. During the Revolution his ships succeeded in running the British blockade, enabling him to supply Washington's army.

The Carlyle House was built in 1752 on the site of an old fort known as the Hanging Fort because of the numerous executions that took place there. Still visible in the foundations are traces of gloomy dungeon cells where Indians were imprisoned.



Early utensils to delight lovers of antiques

This impressive old mansion is now open to the public through the courtesy of its owner. Though present-day buildings have encroached on the surrounding area, aside from its historical interest it is architecturally important as one of the great houses of Virginia.

* * *

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(CONTINUED FROM PAGE 74)

Originally, Mr. Scott got the idea of writing such a book in the fall of 1949 when he gave a series of lectures to Philadelphia women on "Invest in America."

Sponsored by the Philadelphia-Baltimore Stock Exchange and the Consumers Advisory Council of the Philadelphia Chamber of Commerce, with the active cooperation of the Women's Investment Club of Philadelphia, the course included open forums with lectures by speakers on financial subjects.

Asked which nuggets of practical wisdom in his book have provoked most comment, Mr. Scott said: "Probably the part about wills . . . the chapter titled 'You Can't Take it With You.' Wills apply to most people, even people who have very little wealth.

"Everybody *should* make a will. The difficulty in writing a chapter on wills was that I am not a lawyer, and wills are made under state laws which vary.

"Oddly enough, in spite of the importance, about two-thirds of the people of the United States die without making wills.

"Statistics also show that women are likely to live three years longer than men, and likely to marry men five years older. This means that many women are doomed to be widows, and must remain so for

"Tell me—What are physical assets?"



"Is that a promise you can sue for breach of?"

about eight years. In fact, the average woman who lives to this length, is probably going to be a widow. Therefore, while a woman's husband is alive, she should learn from him what she can."

In Mr. Scott's opinion, those husbands are pretty smart who have the foresight to see that their wives may some day have to depend on their own financial judgment.

As to why so many people die without fully protecting their laboriously accumulated nest eggs, Mr. Scott referred to the chapter on the importance of making wills rightly:

"We try to arrange for our possessions to go after our death to those people and institutions we have decided upon during our life. This is not so easy as it sounds. Conspiring against the unwary testator are laws and taxes. The heaviest taxes are Federal, and strike all American estates similarly; but most of the laws governing bequests are state laws. Which ones will hit *your* estate depends on where you live."

Mr. Scott hastens to advise readers that "*nobody anywhere* should attempt to write a will without expert legal assistance." He writes:

"In estate planning we are dealing with human nature, and it can be odd at times. The average person spends most of his lifetime trying to find contentment and security for himself and his family, yet two out of three forget to provide for 'later

on.' We all make mistakes; and, when a man fails to make a will, that is a serious mistake—one he can't correct after he dies."

In Mr. Scott's words, the object of estate planning is to take assets and set them up so the family and loved ones will get the greatest possible benefit. As he points out, there are mistakes to be avoided:

"1. A man, age 70, with an estate of \$30,000 sets up a trust for the benefit of his wife, also age 70. He provides that the money shall be held in trust for the benefit of his wife, and the income paid to her (this would amount to about \$1,200 under present-day conditions). On her death, the principal of \$30,000 goes to various charities.

"Without thinking or having estate-planning advice," continues Mr. Scott, "he left his widow \$1,200 a year; and no matter what her needs are or what emergencies come up, not one single dollar of principal could be touched. There it was, to be preserved for ultimate distribution to charities.

"He should have provided that, in the trustee's judgment, as much of the \$30,000 could be used as necessary to augment her income during her life, for whatever needs she had. This is one of the greatest mistakes in a trust: so to tie up the principal that nobody can use it for the good of the beneficiaries."

(CONTINUED ON PAGE 78)

"My dear, he's planned the cutest arrangements of odd lots for me"



Continental Illinois National Bank and Trust Company of Chicago

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Statement of Condition, December 31, 1950

RESOURCES

| | |
|---|---------------------------|
| Cash and Due from Banks..... | \$ 721,308,083.71 |
| United States Government Obligations..... | 1,191,263,344.55 |
| Other Bonds and Securities..... | 144,436,602.01 |
| Loans and Discounts..... | 511,417,393.84 |
| Stock in Federal Reserve Bank..... | 4,800,000.00 |
| Customers' Liability on Acceptances... | 1,358,351.74 |
| Income Accrued but Not Collected.... | 7,256,679.05 |
| Banking House..... | 9,300,000.00 |
| | <u>\$2,591,140,454.90</u> |

LIABILITIES

| | |
|---|---------------------------|
| Deposits..... | \$2,378,443,251.80 |
| Acceptances..... | 1,373,697.79 |
| Reserve for Taxes, Interest, and Expenses | 9,392,323.68 |
| Reserve for Contingencies..... | 18,108,040.57 |
| Income Collected but Not Earned..... | 695,131.91 |
| Capital Stock (1,800,000 shares. Par value \$33 $\frac{1}{2}$) | 60,000,000.00 |
| Surplus..... | 100,000,000.00 |
| Undivided Profits..... | 23,128,009.15 |
| | <u>\$2,591,140,454.90</u> |

United States Government Obligations carried at \$208,869,155.42
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purposes as required or permitted by law

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You will be served by specialists with long experience in the securities field.

(CONTINUED FROM PAGE 76)

Mr. Scott adds another instance of the same error:

"2. Making provision for children. A man dies leaving an estate of \$50,000, giving his widow the income. At 4 percent this is approximately \$2,000, on which she is expected to raise three children, send them to high school, college and perhaps postgraduate work.

"How easy it would have been to provide that not only the income but also some of the principal could be used for the benefit of the kids,

and possibly that a sum could be paid to each at age 25, let us say, and then more at age 30."

Another mistake to avoid, says Mr. Scott:

"3. Little thought is given as to who should be the guardian of the children. There are two types of guardians: (a) guardians of persons and individuals. Trust companies cannot do this type of thing. (b) Guardians of funds. A trust company can care for the children's nest eggs during the minority of the children."

To sum it all up, he concludes: "The law is harsh, and a man's wife does not get his full estate if he dies without a will. By a carefully planned estate and a carefully drawn will, you can save taxes, select your own executor, the individual or trust company to handle the estate.

"To plan an estate pays big dividends, not only in dollars but in peace of mind.

"And it's the only way to pass a well-laid nest egg along to those you love."

"If Every Wife Knew What a Widow Learns"

EARL S. MacNEILL

The author, who writes regularly for BANKING, is a vice-president of the Irving Trust Company.

TO HEAR Judge Condee talk must have been a great pleasure. His address bubbled with good humor and was saturated with good sense.

The Hon. Newcomb Condee, judge of the Superior Court of Los Angeles County, California, was addressing the 24th Western Regional Trust Conference, held last October in Los Angeles. He knew what he was talking about, for he presides over one of the largest probate courts in the world—one which annually transfers over \$350-million in decedents' estates and other property. While his talk bore the title *If Every Wife Knew What a Widow Learns*, he did not limit his observations to the "woman's angle." Nothing could be more universal than:

"Any person who gives away his estate before he dies acts against his own interest. . . . I think it was Justice Holmes who said in effect that the right to make a testamentary disposition of one's property is the most valuable and useful privilege of old age. A tart old lady with wealth is considered by her family as being witty, but let her definitely give away her estate and they discover she is an intolerable old bore."

An anecdote follows that is too good to omit:

"They tell the story of the man who had a great deal of trouble with

his hearing aid. His doctor told him he had a new hearing device which was invisible and he was going to fit him with it and let him use it for a week on trial. At the end of the week the man came back to the doctor, who asked him how he liked it. 'It was fine, doc; the best I ever had.' 'Well,' said the doctor, 'what did your family think about it?' 'They didn't know I was wearing it. I have changed my will three times this week.'"

Cliché Demolished

Then Judge Condee demolished a cliché of trust advertising copy writers:

"I have never subscribed to the theory that the control of property should be put out of the hands of the widow because she is likely to make unwise investments and may be imposed upon by designing swindlers. This popular idea is greatly exaggerated. It is true that widows do make bad investments but so do men, and my guess is that investments made by women on the average turn out about as well as those made by men.

"If the estate is not large I am inclined to recommend against the creating of a trust, and I think most trust officers will agree with me. On the other hand, if the estate is large and raises many problems of taxation and reinvestment, it is certainly a wonderful thing to have the widow relieved of these many troublesome details, just as a man who is

retired from business is likely to place his property in trust so that he may be relieved from the burden of management."

There may be some trust officers who will challenge Judge Condee's assumptions that women have native investment intelligence comparable to men's and that trusts, regardless of size, may not be the "answer" in all cases. But he counts the majority on his side—and certainly trust officers who have struggled with trusts too small to accomplish their intended purposes will agree with him. Placing women on a par with retired business men in their appreciation of the convenience of trust service is at least a mature approach—seasoned by the vast experience the judge has had.

Suggestions Made

A series of suggestions follows, none startlingly new but all compactly and colorfully phrased. We have paraphrased and excised, but sparingly:

"1. Be sure you have a will. People who are diligent about everything else will procrastinate about making a will. When a person is in good health it is something that does not seem imperative and it can easily be put off until tomorrow. When a person is sick, making a will has an unpleasant implication and is shunned. *A will is like life insurance: it is always timely and should never be postponed.*

(CONTINUED ON PAGE 146)

The { Added Business of AUDOGRAPH dictation Capacity

increases the ability of personnel . . . including **you** . . . to get things done!

At a time when there is *no time to lose*, AUDOGRAPH saves time, ups office output to 30% and *more* without increasing your personnel.

In addition to streamlining your handling of correspondence, memoranda, business communications of all kinds . . . AUDOGRAPH will record important telephone calls . . . will record vital conferences, contract details, specifications, prices, commitments . . . *conveniently and without additional effort or personnel!*

With business and government committed to a new tempo . . . with *pressure to produce* of paramount concern . . . take this important step, *now* — mail the coupon and meet your local manpower crisis before it has an opportunity to catch you off guard!

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with AUDOGRAPH

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BANK LAW NEWS

Forged Endorsement—Checks—Set-Off

FORGED ENDORSEMENT—1

Right of true payee to recover against drawee and collecting banks.

The New York Supreme Court, one of that state's lower courts, has held that there is no contractual relationship between the payee and drawee of a check which would permit the payee to recover the amount of a check paid by the drawee on the forged endorsement of the payee's name. On the other hand, the court held that there is a contractual relationship between the payee and a collecting bank which would permit recovery of the amount of a similarly forged check paid by that bank.

Plaintiff, payee of two checks, one for \$1,060 drawn on defendant bank, and one for \$415 drawn on another bank, sued defendant for the face amount of the checks, alleging that both had been paid by defendant on forged endorsements of her name.

The suit was brought more than three years after the checks were paid and defendant moved to dismiss the suit on the grounds that plaintiff could recover only in an action for conversion, a so-called tort action, and that the 3-year statute of limitations on tort actions had already expired.

Plaintiff contended that she might nevertheless recover upon a "contractual theory" and that the 6-year statute of limitations on contract actions had not yet expired.

The court noted that plaintiff might have recovered in an action for conversion if she had commenced it in time, but held that this would not bar her from recovering in a contract action, since a party having remedies available in both tort and contract may elect to pursue either one.

The court then dealt separately with the two checks, taking first the \$1,060 check which defendant paid as drawee. Here the court noted that

1951 State Legislatures Meet

Forty-four state legislatures, those of all states except Kentucky, Louisiana, Mississippi, and Virginia, meet in regular session this year.

With the exception of the Florida Legislature, which does not meet until April 3, and the Alabama Legislature which does not meet until May 1, all of the legislatures convened early in January.

some courts had held that a contractual relationship did exist between payee and drawee, on the theory that the making of a check affects an assignment of the drawer's funds or that payment by a drawee, even to the wrong person, constitutes "acceptance" of the check. However, said the court, the provisions of §§132 and 187 of the Negotiable Instrument Law now contradict these theories and render them obsolete. Consequently, "the action by the payee against the drawee bank is one between parties who are contractual strangers to one another," said the court, dismissing plaintiff's suit on that check.

The court refused, however, to dismiss plaintiff's suit on the \$415 check which defendant paid as collecting bank. This check was the property of the payee when defendant paid it, said the court, and thus, if payee can prove her case, she is entitled to recover the amount collected by the bank as "money received by the collecting bank to her use." *Henderson v. Lincoln Rochester Trust Co.* 100 N.Y.S.2d 840. *Paton's Digest*, Forged Paper §3.

FORGED ENDORSEMENT—2

Further litigation is also pending in another New York case involving

forged endorsements—an action by the drawee bank in the Mergenthaler Linotype Company case against three collecting banks on their endorsements of Mergenthaler Company checks bearing endorsements allegedly forged by a Mergenthaler employee.

In previous litigation, the three primary defendants brought suit in turn against their prior endorsers and also served third-party complaints upon Mergenthaler for negligence and for representations attributed to it.

Several different defenses asserted by the various defendants were disallowed by the courts and the main action by the drawee against its endorsers now remains to be tried.

FORGED ENDORSEMENT—3

Drawer may not sue collecting bank for loss on checks bearing forged endorsements.

Plaintiff corporation had a purchasing department supervisor whose duties included the preparation of checks for signature by its authorized officers. While it would naturally be expected that such an employee would prepare checks payable only to persons to whom plaintiff owed money, this employee surpassed expectation.

He prepared eight checks payable to real persons with whom plaintiff had previously done business, but to whom no money was then owed, and by making fraudulent representations to plaintiff's authorized officers, obtained their signatures to the checks.

On seven of the checks he then forged the endorsement of the named payee. The eighth, which was payable to "Benecia Arsenal," was altered by changing the named payee to "S. Oster, c/o Benecia Arsenal" and then endorsed by S.

(CONTINUED ON PAGE 82)

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MANUFACTURERS TRUST COMPANY

Condensed Statement of Condition as at close of business December 31, 1950

RESOURCES

| | |
|---|---------------------------|
| Cash and Due from Banks | \$ 818,188,456.59 |
| U. S. Government Securities | 1,030,956,548.75 |
| U. S. Government Insured F. H. A. Mortgages | 66,264,330.12 |
| State and Municipal Bonds | 43,640,413.56 |
| Stock of Federal Reserve Bank | 3,595,050.00 |
| Other Securities | 21,720,592.89 |
| Loans, Bills Purchased and Bankers' Acceptances | 743,860,413.92 |
| Mortgages | 14,151,669.73 |
| Banking Houses | 14,514,364.57 |
| Other Real Estate Equities | 260,994.84 |
| Customers' Liability for Acceptances | 9,247,636.18 |
| Accrued Interest and Other Resources | 6,138,789.90 |
| | <u>\$2,772,539,261.05</u> |

LIABILITIES

| | |
|--|---------------------------|
| Capital | \$50,390,000.00 |
| Surplus | 69,444,000.00 |
| *Undivided Profits | 29,936,865.51 |
| Reserves for Taxes, Unearned Discount, Interest, etc. | 12,856,488.25 |
| Dividend Payable January 15, 1951 | 1,511,700.00 |
| Outstanding Acceptances | 10,451,692.84 |
| Liability as Endorser on Acceptances and Foreign Bills | 3,162,738.26 |
| Cash held as Collateral or in Escrow | 12,836,541.72 |
| Deposits | 2,581,949,234.47 |
| | <u>\$2,772,539,261.05</u> |

*An addition of \$4,000,000 was made to Reserve for Bad Debts for 1950, of which \$2,140,000 was transferred from Undivided Profits. The total Reserve for Bad Debts was \$19,799,265.48 at the year end; neither the addition to the Reserve nor the total amount thereof has any relationship to current or anticipated losses.

United States Government and other securities carried at \$100,506,541.06 are pledged to secure public funds and trust deposits and for other purposes as required or permitted by law.

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BANK _____

ADDRESS _____

CITY _____ ZONE _____ STATE _____

Bank Law News

(CONTINUED FROM PAGE 80)

Oster, an existing person, and negotiated for the employee's benefit.

Plaintiff did not discover its employee's fraud for more than a year after its drawee bank had paid the last of the checks. Since California has enacted the A.B.A.-recommended Payment of Forged or Raised Check Act, any action which plaintiff might have had against the drawee was thus barred. Accordingly, plaintiff sought to recover directly against defendant bank, which had cashed the checks, endorsed them, and collected the proceeds from the drawer.

Plaintiff based its suit upon three theories: a contractual obligation to plaintiff resulting from defendant's endorsement of the checks and its accompanying guarantee of prior endorsements; defendant's conversion of the amount of the checks, collected from the drawee; and "money had and received by defendant for the use and benefit of plaintiff."

CALIFORNIA'S Supreme Court, finding against plaintiff, held, in effect, that defendant's guarantee of the validity of the forged endorsements involved no contractual obligation to plaintiff, since there could be no valid endorsement of checks payable to fictitious payees; that defendant had not converted plaintiff's money, since title to the money passed to the drawee bank when plaintiff deposited it there, plaintiff retaining merely a creditor's claim for the amount of the deposit, so that when the drawee paid defendant the amount of plaintiff's checks, it paid its own, not plaintiff's money; and finally, that the money received by defendant from the drawee was not received for plaintiff's use.

Although it held that the payees of the checks were "fictitious," the court nevertheless held that the checks were not payable to bearer. For one reason, said the court, the A.B.A.-recommended Fictitious Payee Act, which provides that checks similar to those in question are bearer paper, requiring no endorsement, was enacted in California after the transactions involved in the suit occurred. And while even in the absence of that act, a check payable to an actual person may

still be payable to bearer if the drawer intends the payee to have no interest in it, the court pointed out that in this case the drawer, whose intent governed the character of the checks, was the officer who signed them, not the dishonest employee who prepared them.

In deciding the case the court relied heavily upon a prior California case, the facts of which were substantially similar except that the checks there involved were payable to actually fictitious persons. Plaintiff maintained that the two cases should be distinguished for this reason. The court did not agree.

The basic issue, the court said, is whether the payee named in a check has any right to its proceeds, whether he be existing or nonexistent. In either event, the court held the payee has no existence as an actual person to whom money is due, and, except for fraud practiced upon the drawer, there is no intent that he shall have any interest in the check. In the instant case, the court also held, this reasoning applied as well to the check actually endorsed by S. Oster as to those on which plaintiff's employee had forged the endorsements.

The court noted that actions similar to plaintiff's have been sustained in various states on various theories, such as money received for the use and benefit of the drawer, by virtue of an implied contract; conversion of the check and its proceeds from the rightful owner, the drawer; or avoidance of a multiplicity of actions in settling a three-cornered controversy between draw-

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NAME _____ TITLE _____
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er, drawee and collecting bank, on the theory that the drawer should be allowed to proceed directly against the collecting bank, since it must ultimately bear the loss.

However, the court dismissed this "hopeless conflict of the authorities on the subject" and decided that its holding represented "the sounder view." *California Mill Sup. Corp. v. Bank of Am. N. T. & S. Ass'n.*, 223 P. 2d 849. *Paton's Digest*, Forged Paper §§2D:1;6;9.

CHECKS

Receipt of check constitutes payment, even though drawer later stops payment.

One Martin Diskin, a Philadelphia policeman, belonged to the police department's Pension Fund Association.

Under its by-laws, he was entitled to receive a pension upon retirement, or, in the event of his death before receiving his first pension payment, to have the money which he had put into the retirement fund paid to beneficiaries designated by him.

These by-laws also provided that all pension payments should be made by check and that a pensioner, upon receipt of his first pension payment, should no longer be entitled to have any remaining balance paid to beneficiaries.

Diskin retired and shortly thereafter received his first pension check. He thereupon returned to the association for cancellation of the certificate by which he had previously designated his possible beneficiaries. Then, before endorsing, cashing or negotiating the check, he died.

The association thereupon stopped payment of that check and in its place mailed to those whom Diskin had named as his beneficiaries a check for some \$200, representing the pension payable from the date of his retirement to the date of his death.

The beneficiaries refused this check and instead applied for payment of some \$2,000, representing the total dues paid into the association by Diskin. The association refused to pay this amount and the matter finally landed in court.

The question to be decided, said Pennsylvania's Superior Court, was whether receipt by Diskin of the first pension check constituted payment of the first instalment of his pension.

The court held that it did. The rule that a check is "merely a con-



"It's my new system, Alan. By tearing up every other bill, it's easy to make our budget balance"

ditional payment, defeasible upon nonpayment or dishonor," said the court, is true only "in the absence of circumstances indicating a contrary intention."

In this case, said the court, there were such circumstances. The by-laws of a voluntary association constitute the law by which its members are to be governed. The pension check was sent out as provided by the by-laws and, upon receiving it, Diskin returned his designation of beneficiary slip for cancellation, as he was required to do under the by-laws.

Thus, said the court "it seems clear" that receipt of the check constituted payment within the contemplation of the by-laws and that Diskin himself, by returning the beneficiary slip, recognized this fact. *Diskin v. City of Philadelphia Police Pension Fund Ass'n.*, 76 A. 2d 663. *Paton's Digest*, Checks §15.

SET-OFF

Bank knowing customer's deposit to be property of another has no right of set-off.

Colorado's Supreme Court, with two judges dissenting, has stated "the correct rule" with respect to the right of set-off, and applied it to give no comfort to a bank which had exercised the right.

The correct rule, said the court, is that a bank, having assets of a debtor in its possession, may apply them to payment of a matured debt or, in case of insolvency of the debtor, to an unmatured one, but that this right may be controlled by any special agreement showing a

different intent, or by circumstances or particular modes of dealing inconsistent with the right.

The court then applied the rule to the case of one Sherberg, who had contracted with one Essert individually and with the Ray Essert Industries, Inc., for construction of a house and, after his funds became exhausted, applied for a bank loan at Essert's suggestion and with his assistance.

The loan was granted and a cashier's check for \$15,000 issued to Sherberg. He endorsed it and delivered it to Essert, who deposited it in the Ray Essert Industries, Inc., account at the same bank to pay for labor and materials in the construction of the house.

Two days later the bank set-off against this deposit some \$10,000 and applied it to the payment of a debt due the bank from Essert individually.

Sherberg protested, and the court upheld the protest on the grounds that the set-off had been exercised against a special deposit in the Essert corporation account and was therefore wrongful.

The nature of a deposit being determined by the mutual intent and understanding of the parties thereto, there is no particular formula for making a special deposit, said the court.

The intent and understanding in this case was shown, the court decided, by the fact that the bank's officers knew that Sherberg's funds were exhausted, that he was borrowing in order to complete his house, and that it had been arranged to place the proceeds of the loan in the Essert corporation account merely to facilitate the payment of bills incurred in construction of the house.

In addition, said the court, the bank's president knew when he made the loan that Essert was in strained financial condition and had loans outstanding at the bank which had been criticized as excessive by the bank examiners.

It was reasonable to assume, the court held, that if Sherberg had known the true facts he would not have endorsed the check to Essert or permitted it to be deposited in the Essert corporation account. "He was interested, as the bank well knew, in building a home and not in paying Essert's debts," said the court. *Sherberg v. First Nat'l. Bank* 222 P. 2d 782 *Paton's Digest*, Set-off §9.

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President, Dill Manufacturing Company

STATEMENT OF CONDITION

December 30, 1950

RESOURCES

(Less Reserves)

| | |
|---|------------------|
| Cash on Hand and Due from Banks | \$ 17,971,476.16 |
| United States Government Obligations. | 97,930,785.40 |
| (Including \$13,000,000.00 as Lawful Reserve) | |
| Other Investments | 7,613,273.08 |
| First Mortgage Loans on Real Estate | 74,392,657.05 |
| Other Loans and Discounts. | 38,308,449.42 |
| Banking House and Lot—127 Public Square | 1.00 |
| Bank Parking Lot—W. 3rd & Frankfort Ave.. | 1.00 |
| Interest Accrued and Other Assets. | 704,500.86 |
| Total | \$236,921,143.97 |

LIABILITIES

| | |
|--|------------------|
| Surplus | \$ 12,000,000.00 |
| Reserve for Contingencies | 1,229,284.99 |
| Reserve for Taxes and Expenses | 1,229,434.29 |
| Savings Deposits | 215,945,074.77 |
| Other Deposits | 4,077,689.05 |
| Deferred Credits and Other Liabilities | 2,439,660.87 |
| Total | \$236,921,143.97 |



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Other Organizations

THE Illinois Bankers Association has doubled its reward for the capture, dead or alive, of robbers or burglars preying on members of the association's reward plan, according to an announcement by IBA President Joseph R. Frey, president, Lake Shore National Bank, Chicago. The increase in the awards was worked out by the association's committee on crime prevention and insurance, chairman of which is Herbert H. Esterlein, executive vice-president, First National Bank of Collinsville.

More than 80 percent of Illinois banks are plan participants, according to IBA Secretary Harry C. Hausman.

* * *

Edward R. Tufts has been elected executive secretary of the Massachusetts Bankers Association to fill the vacancy created by the death of Sidney S. Ayers. Mr. Tufts was formerly assistant executive secretary.

* * *

The Virginia Bankers Association's

committee on bank management and research has sent to member banks a letter and questionnaire which will be the basis of a salary survey. The last such study was made in 1947.

A bulletin was included which discussed the advisability of setting up job classifications and salary ranges.

* * *

The Pennsylvania Bankers Association has joined the list of those which hold statewide bank operations clinics. The first such gathering in Pennsylvania was scheduled for February 1 and 2 at the University of Pennsylvania in Philadelphia. Approximately 18 different topics were on the program.

* * *

Ray O. Brundage, executive manager of the Michigan Bankers Association, died on January 4. He had occupied his MBA position for the past 16 years.

* * *

Auditors and comptrollers of the nation's 529 mutual savings banks will gather in Boston for a confer-

ence on operations, audit, and control, February 8 and 9. The conference will feature panel discussions on mortgage loan operations, audit control of deposit liability accounts, recent developments in savings bank operations, the relationship of CPA's to internal auditors, and methods of controlling and computing dividends.

A. Livingston Kelley, president of the National Association of Mutual Savings Banks and president, Providence Institution for Savings, Providence, R. I., will welcome the bankers at the opening session.

* * *

Andrew Miller, president of the State Association Section of the American Bankers Association and executive secretary of the Washington Bankers Association, Seattle, died on January 9. He had been the WBA's executive secretary since 1940.

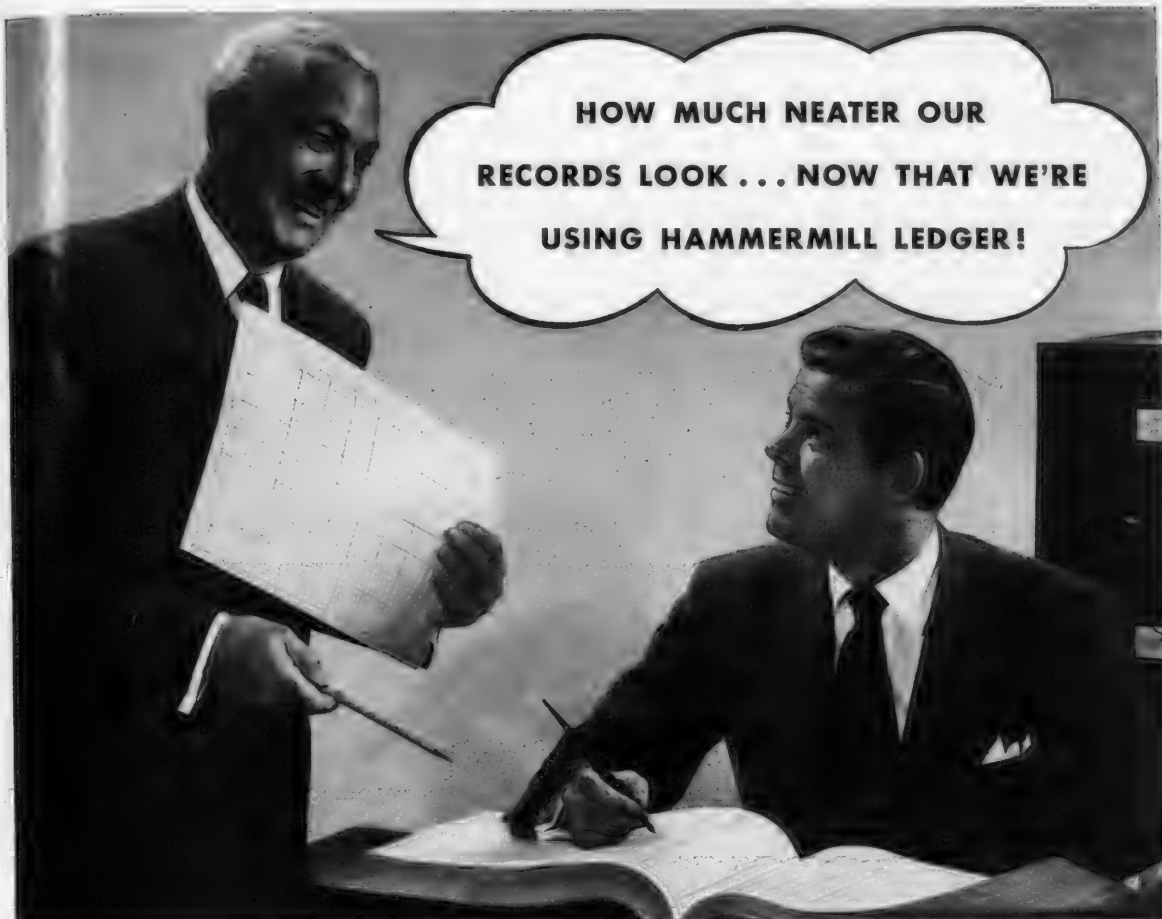
* * *

Nearly six hundred mortgage lenders and investors from all sections of the country met in Chicago January 25 and 26 for the Mid-Winter Mortgage Conference of the Mortgage Bankers Association of America. Their purpose was to study the wartime role of their industry, which was the first in the country to feel the effects of mobilization restrictions as early as last July. In October, further restrictions on home buying through Government-insured FHA loans, VA guaranteed loans and conventional loans were made.

Discussion at the Conference centered principally on how builders and mortgage lenders could best make effective the wartime limitations which have the two-fold objective of restricting inflationary tendencies and making more materials and labor available for the defense effort, according to Milton T. MacDonald, association president.

At the mid-January meeting of the Eastern State Secretaries Conference, Nute B. Flanders (left), was elected Conference president. Mr. Flanders is executive secretary of the Savings Banks Association of New Hampshire. The Conference's new vice-president is Gilbert B. Moyer (center), secretary-treasurer of the Delaware Bankers Association and assistant vice-president of the Wilmington Trust Company. William K. Mendenhall (right), secretary of the New Jersey Bankers Association, was elected secretary-treasurer of the Conference.





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BANKING NEWS

New "Present Day Banking 1951" Will Appear in February

Thesis Condensations Make Up Entire Volume

Thirty-five theses written by banker-students at The Graduate School of Banking make up *Present Day Banking 1951*, which is due for publication in mid-February. These theses appear in condensed form, the abridgment in each case having been made by the author.

Present Day Banking 1951 is published by BANKING, and the editors of the magazine are also the editors of the book. They make no claim to having included all the outstanding theses produced at the school. All those appearing in this volume, however, are of such merit that they have been accepted for distribution by the Library of the American Bankers Association. All but one of those accepted by the Library in 1950 are in the book, with a number from other years.

The complete list of titles and authors follows:

The Commercial Bank Money Position by William E. Bachert, asst. treas., Bank of New York & Fifth Ave. Bank, N.Y.C.

The Director's Place in Banking by Herbert A. Berg-hof, asst. secy.-treas., Fidelity Union Trust Co., Irvington, N. J.

Financing Tobacco Farms by Lawrence R. Bowers, cashier, Waccamaw Bank & Trust Co., Whiteville, N. C.

Cemetery Trusts and Perpetual Care by Elmer C. Cates, trust officer, Doylestown Trust Co., Doylestown, Pa.

Investment Activities of Medium-Sized Banks by Robert H. Daniel, vice-president, First National Exchange Bank, Roanoke, Va.

Income Tax Aspects of the Common Trust Fund in Massachusetts by George A. Davidson, asst. trust officer, Old Colony Trust Co., Boston, Mass.

Trust Business in the Dis-
(CONTINUED ON PAGE 92)



This picture from the A.B.A.'s National Credit Conference in Chicago arrived after BANKING'S January issue went to press. Left to right, C. Francis Cocke, A.B.A. vice-president and president, First National Exchange Bank, Roanoke, Va.; James E. Shelton, president, A.B.A. and president, Security-First National Bank of Los Angeles; Thomas B. McCabe, chairman, Board of Governors, Federal Reserve System; and Kenton R. Cravens, chairman, A.B.A. Credit Policy Commission and vice-president, Mercantile-Commerce Bank & Trust Co., St. Louis.

Two Regulation X Question and Answer Booklets Are Ready

41 Questions On "X" Answered by FRB

Two publications covering the answers to practical questions on the application of Regulation X, the Government control regulation with which banks must comply in granting real estate credit, have just been published by the Savings and Mortgage Division of the American Bankers Association.

The first booklet is a transcript of *Proceedings of Mortgage Credit Control Conference*. It includes answers to questions on the regulation given by Government officials participating in the Division's recent Mortgage Credit Control Conference in New York. More than 4,000 copies of the proceedings have been ordered by member banks.

The second publication is a supplement to the proceedings and contains answers to an additional 41 questions on Regulation X. They were submitted by the members of the Division's Committee on Real Estate Mortgages in advance of the conference, but could not be answered at that time because of the many questions from the floor. Subsequently, these

Institute's Teller's and Bookkeeper's Handbooks Revised

The *Teller's Handbook*, originally published by the American Institute of Banking section of the A.B.A. in 1943 during the manpower shortage of World War II, and the *Bookkeeper's Handbook*, published by the Institute in 1944, have been completely revised to bring them up to date.

These handbooks were revised to assist banks in training new personnel during the present national emergency.

The *Teller's* and the *Bookkeeper's* handbooks will be available about February 15 and March 1, respectively, for the use of A.I.B. chapter's in conducting short courses in these subjects.

questions were submitted to the Board of Governors of the Federal Reserve System and replies made by the Board.

The Government officials who answered the questions in the transcript of proceedings included: Raymond M. Foley, administrator, Housing and Home Finance Agency; Charles T. Fisher, Jr., Federal Reserve real estate credit administrator; Franklin D. Richards, commissioner, Federal Housing Administration; George B. Vest, general counsel, Federal Re-
(CONTINUED ON PAGE 93)

Savings and Mortgage Banking in Defense Era Conference Theme

School Savings Forum Feature of Program

Emphasis will be placed on charting an aggressive course in the operation of the savings and mortgage business under defense economy restrictions while meeting the essential needs of the public and of the Government at the annual Savings and Mortgage Conference of the American Bankers Association at the Statler Hotel in New York on Mar. 5-6.

In announcing the program for the Conference, William A. Reckman, president of the Savings and Mortgage Division of the A.B.A., under whose auspices the meeting will be held, stated that speakers will include James E. Shelton, president of the A.B.A., and president, Security-First National Bank of Los Angeles; Dr. Marcus Nadler, professor of finance, New York University; and Thomas S. Holden, president, F. W. Dodge Corporation, New York.

A feature of the Conference program will be the revival of the National School Savings Forum from 4 to 6 P. M. on Mar. 6, followed by a dinner.

The forum program is being set up by Ralph W. Matteson, vice-president-treasurer, Savings Bank of New London, Conn., and chairman of the A.B.A.'s School Savings Banking Committee. Assisting Mr. Matteson are Mercer C. Macpherson, vice-president, Montclair Savings Bank, and chairman of the New Jersey School Savings Forum, and Millicent Trichter, director of the school savings department of the Dollar Savings Bank, New York. Miss Trichter is chairman of the New York School Savings Forum.

The complete Conference program follows:

First Session

Monday, March 5, 10 A. M.
Call to order by J. R.
(CONTINUED ON PAGE 93)

Committees Named for 49th A.I.B. Conclave in Pittsburgh June 4-5

Laurence S. Bell Is General Chairman

The chairmen and vice-chairmen of the committees for the 49th National Convention of the American Institute of Banking, to be held in Pittsburgh, Pa., June 4-8, 1951, have been announced by J. Kaye Ewart, president of the Institute and vice-president of the National Bank of Washington, Tacoma, Wash. The A.I.B. is the educational section of the American Bankers Association.

Laurence S. Bell of The Union National Bank of Pittsburgh will be general chairman of the Convention; and Leo J. Loughren, Potter Title and Trust Company, Elmer F. Schafer, Mellon National Bank and Trust Co., and Charles W. Thompson, Peoples First National Bank & Trust Company, will be the general vice-chairmen.

Committee Chairmen

The chairmen and vice-chairmen of the individual committees for the Convention appear below, with the chairman listed first and the vice-chairman second. All are Pittsburgh bankers, unless otherwise stated.

Debate: Harry C. Wehrheim, Peoples First National Bank & Trust Company, and Ralph J. Maher, Jr., Dollar Savings Bank.

Entertainment and Clubs: C. Russell Moore, Pittsburgh Branch, Federal Reserve Bank of Cleveland, and Harvey R. Owens, Commonwealth Trust Company of Pittsburgh.

Finance: Lawrence N. Murray, Mellon National Bank and Trust Co.

Halls and Meeting Places: Everett M. Jones, Mellon National Bank and Trust Co., and Lee F. Mason, The Union National Bank of Pittsburgh.

Hospitality: Charles F. Coates, The Colonial Trust Company; Arthur G. Foster, Pittsburgh Branch, Federal Reserve Bank of Cleveland; and Walter J. Wilson, Jr., The Colonial Trust Company.

Hotels: Norman A. Nedde, The Union National Bank of Pittsburgh, and Roy S. Black.

(CONTINUED ON PAGE 93)



Laurence S. Bell

Consumers Asked to Curb Spending by A.B.A. Loan Group

Five-Point Spending Goal Is Enunciated

Five recommendations for bankers and individuals to help keep the dollar strong and help win victory over inflation at home and over our enemies abroad have been made by the A.B.A.'s Consumer Credit Committee.

In a meeting at the La Salle Hotel in Chicago last month the Committee addressed the public with this statement: "Your banker has a responsibility to help protect the buying power of your dollar. You, too, can help. There are five things every individual can do:

Five Points

"(1) Use what you have; make it last—wear it out!

"(2) Buy only what you need for necessities—not for greed!

"(3) Pay cash when possible; cash price is the low price!

"(4) Use credit carefully; pay down all you can—pay all you can each month!

"(5) Save all you can in your bank account—in U. S. Savings Bonds!

"In making these recommendations, the Committee recognizes fully the responsibility of banks to provide the public with such credit as is necessary."

The Committee's recommendations have been forwarded to every bank in the United States, and it urges that they be incorporated in advertising and communications to bank customers as one of the activities to help fight inflation.

Spring Meeting of Executive Council to Be in French Lick

The annual spring meeting of the Executive Council of the American Bankers Association will be held at the French Lick Springs Hotel, French Lick, Ind., Apr. 22-24, according to James E. Shelton, president of the Association. Mr. Shelton is president of the Security-First National Bank of Los Angeles, Los Angeles.

The Executive Council meets twice each year—in April and during the A.B.A. Convention in the fall. The Council consists of the officers of the Association, the president and vice-president of each of its six divisions and sections, the chairmen of the several A.B.A. commissions, representatives elected by the A.B.A. members in the 48 states and the District of Columbia, and 12 members-at-large appointed by the Association president.

In addition to the meeting of the Executive Council, several of the Association's committees, commissions, and councils will meet in French Lick at the same time.

Hotel applications for the meeting will be sent to the official A.B.A. family in February. Hotel will accept applications only when on official blank.

National Instalment Credit Conference in Chicago, Mar. 12-14

More than 1,000 bankers engaged in the instalment loan phase of the banking business are expected to attend the National Instalment Credit Conference of the American Bankers Association, which will be held at the La Salle Hotel in Chicago, March 12-14, according to William W. McCarthy, chairman of the A.B.A. Consumer Credit Committee, under whose auspices the Conference will be held.

Mr. McCarthy, who is vice-president of the National Shawmut Bank, Boston, stated that the program for the meeting is now in the process of development and will be announced within the next few weeks.

Banking responsibility and opportunity in the field of individual credit will be the theme of the Conference.

American Freedom Theme A.I.B. Public Speaking Contests

Giannini Endowment Marks 25th Birthday

"Our American Heritage of Freedom" will be the general theme of the public speaking contests to be held within the American Institute of Banking during the next few months, according to J. Kaye Ewart, president of the Institute and vice-president of the National Bank of Washington, Tacoma. The contest program will culminate next June in the National Public Speaking Contest for the A. P. Giannini Educational Endowment prizes at the A.I.B.'s National Convention in Pittsburgh, Pennsylvania. This year's national contest will commemorate the 25th anniversary of the Giannini Endowment.

The public speaking program to choose the participants for the contest in Pittsburgh will have two phases, each of which will use a specific aspect of the general theme for subject material. The specific topic for contests within individual chapters will be announced about Feb. 1; the topic for the district contests about Apr. 1; and the subject for the final contest will be given to the district winners about June 1, 1951. The convention will be held June 4-8.

Eight Districts

For purposes of the contest, the country has been divided into eight districts. Each chapter is entitled to send one contestant to its respective district contest. The winner of each district contest will compete in the final contest. The eight district contests will be held in Albany, N. Y.; Atlantic City, N. J.; Columbia, S. C.; Chicago, Ill.; St. Louis, Mo.; New Orleans, La.; Pasadena, Calif.; and Portland, Ore.

The winners of the eight district contests will compete at the convention for prizes of \$500 for first place, \$300 for second place, \$200 for third place, and \$100 for fourth place. The prizes are provided by the A. P. Giannini Educational Endowment, established in 1926.

(CONTINUED ON PAGE 93)

April Conference on Bank Manpower Will Be Held in Chicago

Essential Industry Status of Banks Study

A Bank Manpower Conference under the auspices of the American Bankers Association at the Edgewater Beach Hotel, Chicago, on April 26-27, to aid in clarifying the manpower situation in banking during the present defense emergency, has been announced by Dr. Harold Stonier, executive manager of the Association.

The Conference will consist of discussions on manpower problems by key Government officials and banking authorities in the manpower field, Dr. Stonier stated. The subjects covered will include military manpower needs, civilian manpower recruitment for defense production, wage stabilization plans, and the place of banking in the defense program.

William Powers, deputy manager of the A.B.A. and director of the Customer and Personnel Relations Department, is now working with bank personnel officers and with men in Government manpower and mobilization agencies in setting up the Conference program.

Regional Conferences

Following the Chicago Conference, the A.B.A. will hold a series of regional conferences on the more technical aspects of the manpower situation, at which the problems will be discussed as applied to particular regions.

A special committee of bank personnel officers from the West Coast, Middle West, and Atlantic Seaboard is working with the Customer and Personnel Relations Department of the A.B.A. and Washington manpower authorities on clarification of banking as an essential industry in the defense program.

With mobilization of military and civilian manpower well on its way under the direction of Charles E. Wilson, head of the Office of Defense Mobilization, it is anticipated that specific regulations on the use of civilian manpower will be forthcoming shortly.

New "Present Day Banking 1951" Will Make Its Appearance in February

(CONTINUED FROM PAGE 90)

tract of Columbia by Frank Elwood Davis, asst. trust officer, The Riggs National Bank of Washington, D. C.

Do Estate Tax Methods Need Modernizing? by N. H. Drosendahl, vice-president, Manufacturers & Traders Trust Co., Buffalo, N. Y.

Education and Training for Bank Personnel by Stanley Fletcher, asst. vice-president, Mercantile-Commerce Bank & Trust Co., St. Louis, Mo.

How To Use Treasury and Banking Statistics by John Carlos Franzoni, technical assistant, Board of Governors of the Federal Reserve System, Washington, D. C.

Credit Files a "Must" for Sound Lending by Ora G. Jones, Jr., president, The Goodhue County Nat'l. Bank, Red Wing, Minn.

A Medium-Sized Bank's Lending Function by Walter Kennedy, president, The First National Bank, Montgomery, Ala.

Empire Building: Financing the City of Los Angeles by Frederick George Larkin, Jr., vice-president, Security-First Nat'l. Bank of Los Angeles, Calif.

The Schiffli Embroidery Industry in the United States by Ugo J. Lisi, assistant secretary, Hudson Trust Co., Union City, N. J.

Mortgage Servicing Costs in a Mutual Savings Bank by Everett J. Livesey, asst. vice-president, The Dime Savings Bank of Brooklyn, N. Y.

Effective Bank Public Relations by Robert M. Lyon, asst. vice-president, Bank of Commerce and Savings, Washington, D. C.

What To Emphasize in Public Relations by Theron L. Marsh, vice-president, National Newark & Essex Banking Co., Newark, N. J.

Financing Dress Manufacturers by John Blanton Mitchell, vice-president, Manufacturers Bank & Trust Co., St. Louis, Mo.

Staff-Conducted Employee Attitude Survey by Howard J. Morris, Jr., asst. vice-president, The First National Bank of Montgomery, Ala.

Financing the Soybean Processor by Richard E. Ramsay, asst. cashier, Harris Trust & Savings Bank, Chicago, Ill.

Capital Loans To Small

Business by Edward F. Reiter, vice-president, Commercial National Bank, Peoria, Ill.

The Five-Day Week in Banking by W. D. Roberts, asst. vice-president, State-Planters Bank & Trust Co., Richmond, Va.

Financing the Tuna Fleet by G. W. Sears, asst. vice-president, First National Trust & Savings Bank, San Diego, Calif.

Pennsylvania Fiduciaries Acting in Other States by Herschel E. Shortlidge, asst. trust officer, Girard Trust Co., Philadelphia, Pa.

Administrative Problems of a Central Systems Department by Bruce L. Smyth, assistant cashier, Federal Reserve Bank of Chicago, Ill.

Developing a Bank's Organizational Spirit by Ernest W. Stevens, comptroller, American Nat'l. Bank & Trust Co., Chicago, Ill.

The Farmer's Bank by William E. Terry, vice-pres. and cashier, The First National Bank, Jackson, Tenn.

Revenue Bonds of TVA Power Distribution by James W. Thompson, examiner, Federal Deposit Insurance Corp., Columbus, Miss.

The Export-Import Bank of Washington by Sidney A. Trundle, Jr., asst. vice-president, Manufacturers Trust Company, N.Y.C.

Mortgage Lending Policy Based on Experience by G. Donald Turner, asst. treas., Sanford Trust Co., Sanford, Maine.

Bank Financing Under the Marshall Plan by John A. Waage, asst. secretary, Manufacturers Trust Company, N.Y.C.

Evaluation of the Common Trust Fund by John Wallace, asst. vice-president, The National Shawmut Bank of Boston, Mass.

Cotton Finance by Robert M. Walmsley III, asst. vice-president, The National Bank of Commerce, New Orleans.

Rate Quoting for Consumer Instalment Credit by Kenneth Robert Wells, vice-president, American National Bank & Trust Co., Chicago, Ill.

Relation of Residential Real Estate Prices and Advertising by Forrest H. West, asst. head accounting department, The Brooklyn Savings Bank, Brooklyn, N. Y.

Prudent Man Rule for Trust Investments Booklet Is Available

24 States Operate By Prudent Man Rule

A complete revision of the *Prudent Man Rule for Trust Investments* booklet, originally published by the Trust Division of the American Bankers Association in 1942, has been made by the Division.

The new publication includes a revision of much of the original material and some new material. The new text includes a lengthy discussion by Mayo A. Shattuck, a member of the Massachusetts Bar, of "A New Approach to the Prudent Man Rule for Trust Investments."

Since the passage of a modified prudent man statute in New York State in 1950, trust institutions have become increasingly interested in having the Division supply them with up-to-date information on this subject.

The prudent man rule for investing trust funds had its inception in the far-reaching and revolutionary case of *Harvard College v. Amory* (9 Pick. Mass. 446) handed down in 1830 by the Massachusetts Supreme Judicial Court.

In the 107 years between 1830 and 1937 not a single state adopted even a modified prudent man rule covering trust investments.

Between 1937 and 1940 two states enacted modified versions of the rule.

In 1940 the Trust Division created a committee to study this subject and in 1942, with the assistance of Mr. Shattuck, produced the original study.

14 States Adopt Rule

Since 1942, 14 states have passed a prudent man rule for trust investments statute. In addition, eight states also operate under the rule by authority of court decision. Several states are now considering having prudent man legislation introduced during the 1951 sessions of their legislatures.

Copies of the new handbook may be obtained at a nominal fee by writing to the Trust Division at 12 E. 36th Street, New York 16.

Survey Shows That 76 Percent of Checks Are Now Using the Check Routing Symbol

A milestone has been reached in the check routing symbol program. The Federal Reserve banks have announced that 76 percent of all checks examined on December 1, 1950, bore the symbol, and in the approved location.

In June, 1945, when the program was introduced jointly by the Committee on Collections of the Federal Reserve System and the Bank Management Commission of the American Bankers Association, it was announced that when the symbol appeared on 75 percent of all checks the real effectiveness of the program would be felt. That figure has been reached.

There is, however, no diminution in promotional effort. The goal was—and still is—100 percent use of the symbol. The official report shows growth by Federal Reserve District:

| District | Percent of Total for District as of Dec. 1, 1950 | Increase Since Previous Survey (June 1, 1950) |
|------------------|--|---|
| 1 Boston | 83 | 3 |
| 2 New York | 87 | 4 |
| 3 Philadelphia | 81 | 10 |
| 4 Cleveland | 77 | 5 |
| 5 Richmond | 79 | 5 |
| 6 Atlanta | 78 | 1 |
| 7 Chicago | 66 | 9 |
| 8 St. Louis | 73 | 3 |
| 9 Minneapolis | 53 | 12 |
| 10 Kansas City | 76 | 10 |
| 11 Dallas | 76 | 2 |
| 12 San Francisco | 68 | 2 |
| | 76 | 4 |

A.I.B. Convention Committees Named

(CONTINUED FROM PAGE 91)

stock, Commonwealth Trust Company of Pittsburgh.

Information: Frank S. Turner, The Colonial Trust Company, and Henry L. Eckert, Jr., Fidelity Trust Company.

Personnel: Charles W. Borgerding, Mellon National Bank and Trust Co., and Porter C. Verner, Peoples First National Bank & Trust Company.

Public Speaking: Hugh O. Ferguson, Mellon National Bank and Trust Co., and Jacob H. Kestner, Dollar Savings Bank.

Publicity: Edgar A. Beard, Potter Title and Trust Company, and John A. Schmidt, Pittsburgh Branch, Federal Reserve Bank of Cleveland.

Registration: James P. Reed, Fidelity Trust Company, and Elwena R. Kinnard, Peoples First National Bank & Trust Company.

Transportation: Ray D. Wetherall, The Colonial Trust Company, and A. P. Buddemeyer, Peoples First National Bank & Trust Company.

Utility: Roy Steinbrink, Pittsburgh Branch, Federal

Four Direct Mail Pieces, Savings Bond Envelope Available

Six new direct mail folders were released last month by the Advertising Department of the A.B.A. and the Savings Bond safekeeping envelope was revived.

The themes and titles of the folders are: *Savings*, "Doing Two Things Well at Once"; *checking accounts*, "Paying By Check As Modern As Jet Propulsion"; *loans* (two folders), "Personal Bank Loans for Today's Family's Needs" and "Our Mortgage Lending Policy Under Regulation X"; *banking-by-mail*, "Drop In Any Time"; and *safe deposit*, "Disaster Wears Many Faces."

More than 15-million copies of the bond envelope have been distributed.

Reserve Bank of Cleveland, and Foster M. Mohney, Jr., Fidelity Trust Company.

Women's: Anne Price, Commonwealth Trust Company of Pittsburgh, and Mary H. Kracsun, The First National Bank of West Newton, West Newton, Pennsylvania.

Savings & Mortgage Banking Conference

(CONTINUED FROM PAGE 90)

Dunkerley, deputy manager, A.B.A., and secretary, Savings and Mortgage Division.

"The 1951 Savings and Mortgage Picture," by President Reckman.

"Protection of Bank Records in the Atomic Age," by Harold E. Randall, vice-president, First National Bank, Boston.

Open forum.

Second Session

Monday, March 5, 2 P. M.

President Reckman presiding.

"Investment of Savings Funds," by John Kress, executive vice-president, Howard Savings Institution, Newark, N. J., and F. Brian Reuter, vice-president, Mellon National Bank and Trust Co., Pittsburgh.

"The Road Ahead," by A.B.A. President Shelton.

Open forum.

Third Session

Tuesday, March 6, 10 A. M.

Joseph Earl Perry, vice-president, Savings and Mortgage Division, and president, Newton Savings Bank, Newton, Mass.

"New Materials and Techniques, and Their Values in Mortgage Appraisals," by William H. Scheick, executive director, Building Research Advisory Board, National Research Council, Washington.

"Mortgage Opportunities in the Defense Program," by Mr. Holden.

Open forum.

Fourth Session

Tuesday, March 6, 2 P. M.

President Reckman presiding.

"Economics of Savings and Mortgage Business," by Dr. Nadler.

"Getting Down to Bedrock in Time of Crisis," by Mr. Perry.

National School Savings Forum.

Freedom Speaker Theme

(CONTINUED FROM PAGE 91)

which also pays contestants' expenses.

The primary objectives of the public speaking program, as set forth in the original trust indenture, are: (1) To improve the practices, broaden the purposes, and increase

Regulation X Books Sent to A.B.A. Banks

(CONTINUED FROM PAGE 90)

serve Board; T. B. King, director, loan guaranty service, Veterans Administration; and W. C. Clark, special consultant on real estate credit, Federal Reserve Board.

The proceedings of the Mortgage Credit Control Conference are divided into 16 sections, with all of the material edited by the individual panel members. The sections of the book are:

(1) Overall statement of policy followed by the government in setting up real estate credit controls.

(2) Transfer of a conventional mortgage loan commitment to FHA or VA.

(3) Construction credit extended prior to May 1, 1951, with respect to new construction begun prior to October 12, 1950. [Amendment—Section 5 (k)].

(4) Loans on savings bank passbooks.

(5) Short-term construction credit.

(6) Additional advances on a preexisting mortgage.

(7) Real estate loans affected by Regulation W.

(8) Repair and improvement loans of less than \$2,500.

(9) Requirements for borrowers' statements.

(10) Responsibility of purchasers of FHA and VA loans at a future date.

(11) General requirements on construction loans.

(12) Borrowing on existing construction to finance new construction.

(13) Exemptions under contracts to sell [Section 5 (f)].

(14) Mixed purpose loans.

(15) Enforceability of contracts.

(16) Down-payment tables.

The supplement has been sent to the more than 4,000 subscribers to the proceedings booklet.

the usefulness of banking as an institution by stimulating research in the field of banking and economics; and (2) to obtain a better public understanding of the relation of banking to other human activities and interests by stimulating public discussion of subjects related to banking.

The contest is under the supervision of the National Public Speaking Committee.

NEW MEMBERS

Twenty-two banks in 15 states became members of the American Bankers Association during December.

The new members are:

FLORIDA: Madeira Beach Bank, Madeira Beach.*

GEORGIA: Albany Savings Bank, Albany.*

IDAHO: Idaho First National Bank, Valley Branch, Eagle.*

ILLINOIS: Commercial National Bank of Berwyn, Berwyn.

KANSAS: Florence State Bank, Florence.

MASSACHUSETTS: Peoples Savings Bank, Holyoke.

NEW YORK: Dry Dock Savings Bank, Avenue C Office, New York*; Northport Trust

Company, East Northport Office, East Northport*; and Bankers Trust Company, Madison Avenue Branch, New York.

OHIO: Miami Deposit Bank, Cedarville Branch, Cedarville.*

PENNSYLVANIA: First National Bank of Mapleton, Mapleton Depot Post Office, Mapleton; Marion Center National Bank, Marion Center; and Broad Street Trust Company, Chestnut Hill Office, Philadelphia.

SOUTH CAROLINA: Easley Bank, Pendleton Branch, Pendleton.*

SOUTH DAKOTA: Peoples State Bank, DeSmet.

TEXAS: First State Bank, Bellaire*; Ridglea State Bank, Fort Worth*; and Security State Bank, Houston.*

G.S.B. Admissions Approved for 17th Resident Session

The 1,000 bank officers who will attend the 17th resident session of The Graduate School of Banking, conducted by the American Bankers Association at Rutgers University, New Brunswick, N. J., have been chosen by the school's Com-

WASHINGTON: West Side National Bank of Yakima, East Side Branch, Yakima.

WEST VIRGINIA: Glenville Banking & Trust Company, Glenville; and First National Bank, Salem.

WISCONSIN: State Bank of Centuria, Centuria.

*Newly Organized

mittee on Admissions. The 1951 session of the G.S.B. will convene on June 18 and extend through June 30.

Applications for admission from this time on, according to William Powers, G.S.B. registrar and deputy manager of the A.B.A., will receive consideration for the 1951 session as cancellations occur. Those not admitted, will be held over and given priority for admission to the 1952 session.

As of Jan. 8, when the Committee on Admissions held its meeting, there were 313 men in the class of 1951; 408, in the class of 1952; and 279 approved for the class of 1953.

Since its founding in 1935, the G.S.B. has graduated 2,546 bank officers.

CALENDAR

American Bankers Association

- Feb. 5-7 32nd Mid-Winter Trust Conference, Waldorf-Astoria, New York
- Mar. 5-6 Annual Savings & Mortgage Conference, Hotel Statler, New York, N. Y.
- Mar. 12-14 National Instalment Credit Conference, La Salle Hotel, Chicago
- Apr. 22-24 Executive Council Spring Meeting, French Lick Springs Hotel, French Lick, Indiana
- June 18-30 The Graduate School of Banking, Rutgers University, New Brunswick, N. J.
- Sept. 30-Oct. 3 77th Annual Convention, Stevens Hotel, Chicago, Illinois
- Oct. 17-19 Western Regional Trust Conference, St. Francis Hotel, San Francisco, California
- Nov. 8-9 Mid-Continent Trust Conference, Drake Hotel, Chicago

State Associations

- Apr. 1-3 Florida, Palm Beach Biltmore Hotel, Palm Beach
- Apr. 15-17 Louisiana, Bentley Hotel, Alexandria
- Apr. 17-19 Georgia, Ansley Hotel, Atlanta
- May 7-9 Missouri, Muehlebach Hotel, Kansas City
- May 9-11 Kansas, Kansas City
- May 10-11 Ohio, Statler Hotel, Cleveland
- May 10-12 New Mexico, La Fonda Hotel, Santa Fe
- May 11-12 South Dakota, Sioux Falls
- May 14-15 Texas, Dallas
- May 15-16 Tennessee, Andrew Johnson, Knoxville
- May 17 Delaware, Du Pont Country Club, Wilmington
- May 17-18 Oklahoma, Mayo Hotel, Tulsa
- May 18-19 South Carolina, Francis Marion Hotel, Charleston
- May 20-22 California, Huntington Hotel, Pasadena
- May 21-22 Maryland, Chalfonte-Haddon Hall Hotel, Atlantic City, N. J.
- May 21-23 Arkansas, Arlington Hotel, Hot Springs
- May 21-23 Mississippi, Buena Vista Hotel, Biloxi
- May 23-25 New Jersey, Chalfonte-Haddon Hall Hotel, Atlantic City
- May 23-27 North Carolina, The Carolina Hotel, Pinehurst
- May 25-26 North Dakota, Gardner Hotel, Fargo

- May 31-June 2 Colorado, Broadmoor Hotel, Colorado Springs
- June 3-5 Idaho, The Lodge, Sun Valley
- June 3-6 Pennsylvania, Chalfonte-Haddon Hall Hotel, Atlantic City, N. J.
- June 6-10 Dist. of Columbia, The Homestead, Hot Springs, Va.
- June 7-9 Massachusetts, New Ocean House, Swampscott
- June 8-9 Connecticut, Equinox House, Manchester, Vt.
- June 8-9 Wyoming, Cody Inn, Cody
- June 10-12 Oregon, Gearhart Hotel, Gearhart
- June 11-12 Utah, Ben Lomond Hotel, Ogden
- June 12-14 Illinois, Jefferson Hotel, St. Louis, Mo.
- June 13-14 Indiana, French Lick Springs Hotel, French Lick
- June 13-14 Minnesota, Radisson Hotel, Minneapolis
- June 15-16 New Jersey Savings Banks, Monmouth Hotel, Spring Lake
- June 15-16 New Hampshire,* Wentworth-By-The-Sea, Portsmouth, N. H.
- June 15-16 New Hampshire Savings Banks,* Wentworth-By-The-Sea, Portsmouth, N. H.
- June 15-16 Vermont, Equinox House, Manchester
- June 18-20 Michigan, Book-Cadillac Hotel, Detroit
- June 18-20 Wisconsin, Schroeder Hotel, Milwaukee
- June 21-23 Montana, Canyon Hotel, Yellowstone National Park
- June 21-24 New York, Essex, Sussex and Monmouth Hotels, Spring Lake, N. J.
- June 22-24 Maine, Poland Spring House, Poland Spring

*Joint Convention

Other Organizations

- Mar. 26-27 Mortgage Bankers Association's Eastern Mortgage Conference, Hotel Statler, New York
- Sept. 11-14 38th Annual Convention Mortgage Bankers Association of America, Mark Hopkins and Fairmount Hotels, San Francisco, California
- Oct. 7-10 Robert Morris Associates, Waldorf-Astoria, New York
- Oct. 22-25 National Association of Bank Auditors and Comptrollers, 27th Annual Convention, New Orleans, La.
- Nov. 26-29 Financial Public Relations Association, Hollywood Beach Hotel, Hollywood, Florida

They Are the Bank

(CONTINUED FROM PAGE 43)

there were no requests at all last year; and 75 percent of the 50 made were for better ventilation, which is always a problem when several people work in one room.

THERE is, of course, a story behind the President's Committee. Let's pick up some background.

Two men were primarily responsible for it. One was Alvan E. Duerr, a New England schoolmaster who became a bank personnel officer. The other was the late Harvey D. Gibson, Manufacturers' president for many years, a man who always insisted that good staff relations were the cornerstone of good banking.

Duerr taught at a private school in Massachusetts and also at Williams College. Then, coming to New York, he became personnel manager for the old Chatham & Phoenix Bank. When it merged with Manufacturers in 1932 he transferred, too, continuing in the field where he was expert.

At a staff officers dinner in 1946 Duerr talked about the employees. In his long association with people—especially people who work for a living—he'd reached several conclusions. One was: "We think our bank is a good place to work. Do our employees think so, too? Let's stop guessing. Let's find out."

The officers liked that point. They realized that although the bank was trying to be a pleasant place to spend one's working hours, conditions were not ideal. Wartime shortages had made it virtually impossible to get adequate equipment or to provide the physical refinements, such as modern lighting, attractive recreation rooms, that contribute to comfortable, efficient office living.

Harvey Gibson had a quick answer to Duerr's "Let's find out" challenge. He gave it in one word: "Let's." So just before Christmas 1946 he wrote a letter to the staff.

He wanted, he said, to avoid the impression that in a large organization the president wasn't accessible to the employees and their problems.

"Our trust company," he continued, "will always be as strong as the men and women who do its work, and that means all of us. The well-

being of our employees and their happiness in their jobs are of foremost importance, and I want personally to assure myself that everything possible is being done to bring about such a condition."

He had, therefore, appointed a President's Committee on Employee Relations which would periodically visit every branch and department, and report direct to him on working conditions and staff reactions, including all suggestions for improvement. Mr. Gibson hoped that when the employees talked to the committee they would feel they were talking to the president and that they would tell the members everything they'd like to tell him.

"Most of our troubles and worries," he added, "are about things we do not understand, and I want this committee to help you to understand. Some of the things that worry you should be corrected, and you can help me to get the information I need to correct them."

THE committee of five, with Duerr as chairman, went to work. There were some misgivings among the members as they started, early in 1947, their first tour of the branches. What would the officers in charge of the branches say? Would they wonder whether the committee people were head office spies? Would they resent these visits to offices which, in business matters, were largely autonomous, community banks? And would the staffs be skeptical, suspicious?

The answer to these questions, it

Miss Madeline Catalino of the 144th Street office pins a flower on President Von Elm at the presentation of the cup



developed, was No. But that's getting ahead of the story.

At the next officers dinner the committee reported the results of its visits. Chairman Duerr had died shortly before that meeting, but his prepared remarks were read. He recalled that President Gibson had emphasized the importance of giving every employee of the bank a chance to come to management with his troubles.

EVERYBODY knows, Duerr's report continued, the explosive power of pent-up emotions. Perhaps the officers had thought they were furnishing a safety valve; but the committee's experience indicated this was not being done with any great assurance or regularity.

"To say that we are willing to listen does not impress or satisfy the employee; he wants understanding and sympathetic listening, and he wants us to take the trouble to tell him why the thing he wants cannot be given him. He, too, wants to understand—and that is far more important than actually getting the thing he thought he wanted."

The employees, Duerr noted, had been reluctant to criticize their officers. But they wanted to play the game fifty-fifty.

"They ask whether, since they are expected to treat their officers with courtesy and consideration, they themselves are not entitled to similar treatment. They suggest that a word of praise, where due, will stir them to greater effort far more than stressing their mistakes. They do not like to be bawled out in the presence of others. They resent being blamed for something that even an officer may have been responsible for."

ABOVE all, the staff wanted to know more about the bank and their relation to its work. The committee thought this was a serious shortcoming: "the extent to which we ask our employees to work in the dark, and to which we deprive them of that fuller understanding which makes for really intelligent and efficient work."

It was the committee's belief that "the simplest, most enduring way to make people happy is to make them efficient, for we get our greatest satisfaction in life out of being able to do something just a bit better than anyone else is doing it." The

bank might well devote more time and effort to developing its personnel. But first of all it must have faith in them: "We shall never get more out of anyone than we believe he can produce."

That commentary on human relationships summarizes the philosophy and approach of the President's Committee.

DUERR's place as chairman was taken by William G. Rabe, director and vice-president in charge of employee relations. Serving with him, at present, are Executive Vice-president and Director Harry C. Kilpatrick; Vice-president Frederick K. Teipel (vice-chairman); Assistant Manager Ann Henry, representing the women employees; and Mr. Casko.

When the committee visits a branch it minutely inspects the premises, from officers' platform to furnace room. Everything that needs attention is noted. After the tour the officer in charge is asked to assemble his staff. He introduces the

employees to the committee and then returns to his desk.

Chairman Bill Rabe extends the greetings of President Henry C. Von Elm, Mr. Gibson's successor. Next, Mr. Rabe talks about the bank, explaining the staff's relation to the general organization, and the importance of everybody's place. He also outlines the staff benefits. Then the meeting is open to questions. Bearing out Alvan Duerr's observation, there are always many queries about the bank and its policies.

Next comes distribution of a short but pointed questionnaire (see illustration) which gives each employee a chance to gripe, suggest, and react. The committee waits while the papers are filled out—anonously, of course.

The questionnaire is thus an accurate reflection of the staff's feelings, and a dependable guide to management's efforts to know what the employees are thinking. Many of the comments are warmly flattering. Some are critical, but usually constructively so; and there's been a marked decrease in malcontents.

Back at the main office, the committee tabulates and analyzes the questionnaires. Then it draws up a report for the president, covering conditions at the branch and listing all staff requests and comments.

The committee discusses with the officer in charge the suggestions his employees have made, recommends a program of action, and asks him to see that it is carried out. He also gets a letter from the president; and 30 days later he receives a follow-up from Chairman Rabe, requesting a progress report, with explanations of items that have not yet been acted on.

ANY reasonable request for a change costing less than \$500 is automatically filled. More expensive alterations or innovations are channeled through the committee to top management, where they are invariably approved unless, as was mentioned earlier, they can't be granted.

Each branch is rated on the basis of a careful statistical study of the
(CONTINUED ON PAGE 100)

Here is the staff questionnaire used by the bank last year. On Question 7 the bank's employees gave first preference to group hospitalization. Sick leave benefits came second, the work week was third, group life insurance fourth, vacation fifth, pension plan sixth

CHECK THE ANSWER WHICH REPRESENTS YOUR OPINION
MOST ACCURATELY

MY AGE BRACKET IS

- ☐ Under 20
☐ 20 to 25
☐ 26 to 40
☐ 41 to 55
☐ Over 55

I HAVE WORKED FOR THE BANK

- ☐ Less than 1 Year
☐ 1 to 5 Years
☐ 6 to 15 Years
☐ 16 to 25 Years
☐ Over 25 Years

- ☐ MALE
☐ FEMALE

1. Do you have a feeling of satisfaction in your work?

If your answer is "No", please explain why.

2. Are you now satisfied with your working conditions?

- ☐ Yes
☐ Partly satisfied
☐ No

If your answer is "No", what improvements would you recommend?

3. Are you acquainted with the Officer in Charge of your branch?

- ☐ Yes
☐ No

4. Do you feel that the Officer in Charge takes a personal interest in the staff?

- ☐ Yes
☐ No

COMMENT: _____

5. Which of the following most nearly reflects your feelings?

- ☐ I have a sense of pride working for MTCO.
☐ I have no particular feelings one way or the other about working for MTCO.
☐ I am not proud of the fact that I work for MTCO.

COMMENT: _____

6. In your opinion, what do you think the trend of morale is among MTCO employees?

- ☐ Improving in recent years.
☐ About the same as always.

COMMENT: _____

7. Mr. Harvey D. Gibson, our President, has often stated that our splendid growth is the result of the effort and cooperation on the part of our employees, and that it is this growth which has made it possible for him to institute all of the following employee benefits over a period of years.

(PLEASE CHECK BY NUMBER 1, 2, 3, 4, ETC. IN THE ORDER
OF IMPORTANCE OF THESE BENEFITS TO YOU)

- ☐ **Group Hospitalization**—Paid in full by the bank for all employees, their wives, husbands and unmarried children under 18 years of age.
- ☐ **Sick leave**—Very liberal payment of salary when absent due to illness.
- ☐ **Group Life Insurance**—Free life insurance for all employees.
- ☐ **Pension Plan**—Paid for in full by the bank.
- ☐ **Work Week**—A 35 hour work week with time and a half overtime pay for hours worked over 35. (When a holiday occurs within the work week, overtime is paid after 28 hours worked.)
- ☐ **Supper money**—Payment of \$1.50, whenever it is necessary to work 9 hours in any one day.
- ☐ **Employee Loans**—Loans available in reasonable amounts to all employees in case of necessity at the low rate of 1%.
- ☐ **Educational Benefits**—Tuition refunds made by bank in full and in part according to marks obtained.
- ☐ **Vacation**—Two weeks' vacation with pay and an extra week's vacation after 15 years of employment.
- ☐ **Parties**—Annual Christmas Parties paid in full by the bank.
- ☐ **Vacation Resort**—Birmont Club maintained by the bank available to all employees at nominal cost to them.
- ☐ **Recreational Activities**—Employees activities fully or partially paid for by the bank. Bowling, Swimming, Basketball, Camera Club, Golf, Table Tennis, Softball, Bridge, Tennis Club, Ski Club, etc.
- ☐ **Real Estate**—Home buying advisory and appraisal service available free to all employees and members of their immediate family.
- ☐ **Safe Deposit Boxes**—Available to employees at half rate.
- ☐ **Checking Accounts**—Special Checking accounts available to all employees at less than half rate.
- ☐ **Office Clothing**—Uniforms, office coats and smocks provided by the bank.
- ☐ **Publication**—EMTECO magazine published monthly for the employees.

8. In conclusion, how do you feel about working for the Manufacturers Trust Company?

- ☐ Better than most companies.
☐ About as good as the average.
☐ Not so good.

If your answer is "Not so good", please explain why.

NATIONAL BANK OF DETROIT

COMPLETE BANKING AND TRUST SERVICE

STATEMENT OF CONDITION, DECEMBER 31, 1950

RESOURCES

| | | |
|---|-------------------|---------------------------|
| Cash on Hand and Due from Other Banks | | \$ 409,270,495.34 |
| United States Government Securities | | 703,781,249.67 |
| Other Securities | | 123,319,251.62 |
| Loans: | | |
| Loans and Discounts | \$ 258,247,974.26 | |
| Real Estate Mortgages | 59,104,756.09 | 317,352,730.35 |
| Accrued Income and Other Resources | | 5,928,230.27 |
| Branch Buildings and Leasehold Improvements | | 2,165,595.37 |
| Customers' Liability on Acceptances and Letters of Credit | | 6,126,114.55 |
| | | <u>\$1,567,943,667.17</u> |

LIABILITIES

| | | |
|--|--------------------|---------------------------|
| Deposits: | | |
| Commercial, Bank and Savings | \$1,373,588,240.04 | |
| United States Government | 74,335,648.27 | |
| Other Public Deposits | 39,146,220.72 | \$1,487,070,109.03 |
| Accrued Expenses and Other Liabilities | | 7,589,011.81 |
| Dividend Payable February 1, 1951 | | 750,000.00 |
| Acceptances and Letters of Credit | | 6,126,114.55 |
| Capital Funds: | | |
| Common Stock | \$ 15,000,000.00 | |
| Surplus | 45,000,000.00 | |
| Undivided Profits | 6,408,431.78 | 66,408,431.78 |
| | | <u>\$1,567,943,667.17</u> |

United States Government Securities carried at \$110,457,686.97 in the foregoing statement are pledged to secure public deposits, including deposits of \$14,792,613.64 of the Treasurer-State of Michigan, and for other purposes required by law.

HENRY E. BODMAN
ROBERT J. BOWMAN
PRENTISS M. BROWN
CHARLES T. FISHER
CHARLES T. FISHER, JR.
JOHN B. FORD, JR.
B. E. HUTCHINSON

BOARD OF DIRECTORS

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BEN R. MARSH
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W. DEAN ROBINSON
NATE S. SHAPERO

R. PERRY SHORTS
GEORGE A. STAPLES
DONALD F. VALLEY
JAMES B. WEBBER, JR.
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32 OFFICES IN DETROIT

MAIN OFFICE—WOODWARD AT CADILLAC SQUARE—DETROIT 32, MICHIGAN

Member Federal Deposit Insurance Corporation

Only STEEL can do so many jobs



ACTION IN CALIFORNIA. On the north fork of the Feather River in California, Pacific Gas and Electric Company has placed two new dams . . . Cresta Dam and Rock Creek Dam. The huge drum gates for these dams, and the bridges directly above them, required 4,380,000 pounds of steel. They were fabricated and erected by United States Steel.

NEW SCHOOL HAS 2-WAY PROTECTION. No matter how absorbed these children become, they can't rush into the path of passing traffic, because they are protected by sturdy, long-wearing Cyclone Fence. And the fence not only keeps the children inside, it keeps undesirables out.



WASH DAY IS NO HEADACHE in hospitals, hotels, restaurants, clubs, or laundries where equipment is made of U-S-S Stainless Steel. For stainless steel means easy cleaning, corrosion resistance, good looks and long life. Lucky that United States Steel is big enough to turn out steel for washing machines as well as warships, for toasters as well as tanks.

AMERICAN BRIDGE COMPANY • AMERICAN STEEL & WIRE COMPANY and CYCLONE FENCE DIVISION • COLUMBIA STEEL COMPANY • CONSOLIDATED WESTERN STEEL CORPORATION
UNITED STATES STEEL COMPANY • UNITED STATES STEEL EXPORT COMPANY • UNITED STATES STEEL PRODUCTS COMPANY

S so well...

TOUGH ON TANKS. The steel rocket fired by this new 3.5 inch "superbazooka" has already proved itself an effective anti-tank weapon. It weighs nine pounds, is able to penetrate up to 11 inches of armor. Although mobilization will require increasing amounts of steel, the constantly-expanding steel-producing facilities of U. S. Steel should enable it to make plenty of steel for essential peacetime uses, too.



FACTS YOU SHOULD KNOW ABOUT STEEL

American steel mills can out-produce the rest of the world combined by 13 million tons of steel a year. The plants of United States Steel alone are pouring more steel than all the Communist nations put together.

NEW LIGHT ASSAULT TRANSPORT. Six rocket units help to lift the 40,000-pound weight of this new U. S. Air Force light assault transport in a recent test flight. With the addition of rocket units, the three-engine plane can now transport heavy loads in and out of small clearings. Only steel can do so many jobs so well.

Listen to . . . *The Theatre Guild on the Air*, presented every Sunday evening by United States Steel. National Broadcasting Company, coast-to-coast network. Consult your newspaper for time and station.



... and this label is your guide to quality steel

UNITED STATES STEEL

Helping to Build a Better America

GERRARD STEEL STRAPPING COMPANY • NATIONAL TUBE COMPANY • OIL WELL SUPPLY COMPANY • TENNESSEE COAL, IRON & RAILROAD COMPANY • UNION SUPPLY COMPANY
UNITED STATES STEEL SUPPLY COMPANY • UNIVERSAL ATLAS CEMENT COMPANY • VIRGINIA BRIDGE COMPANY

(CONTINUED FROM PAGE 96)

questionnaires, and the office with the year's best record gets the President's Gold Cup, donated by Harvey Gibson. This trophy, now a memorial to Alvan E. Duerr, is inscribed: "Awarded to the office of Manufacturers Trust Company which is most outstanding in its promotion of the well-being and personal relations of its employees and creates an esprit-de-corps which reflects understanding leadership by the officer in charge."

The president and all members of the administrative board visit the

winning branch and present the cup. Mr. Von Elm congratulates the employees, thanks them for cooperating, and invites everybody to a dinner party at the Hotel New Yorker that night. At the celebration the manager gets a gold watch.

THE program is working well for all concerned. An analysis of the questionnaires for last year showed that an average of 86 percent of the staff had "a feeling of satisfaction" in their work; 67 percent were satisfied with working conditions; 96 per-

cent were acquainted with the officer in charge; 80 percent thought he took a personal interest in the staff; 77 percent had "a sense of pride" working for the bank; 55 percent thought the trend of morale was improving; 56 percent felt that the bank was "better than most companies" as a place of employment.

High on the list of boosters are the heads of the branches. They know the program is helping them to make needed improvements and to be better executives.

Management, as Chairman Rabe puts it, realizes that "good employee relations pay the biggest dividends."

And everybody seems to agree that the committee's work has been of inestimable value in building that "I'm-part-of-the-bank" spirit.



*—today's investment
for tomorrow's protection...*

In these days of ever-increasing costs of building materials for housing projects, new buildings, renovations—in fact, wherever capital is provided for construction work—your investment *must* be protected.

So be sure of this protection now, and for years to come, by investing in Hood Rubber Tile... the tile that pays dividends to you and the real estate owner with blending beauty, never-ending comfort and extra quiet, *plus* the vitally important economy of *easier* daily maintenance and *longer* wear.

Hood Rubber Tile has been the choice of leading architects, designers and contractors, men who *know* better flooring, for more than 26 years. Let this be *your* guide to protect that all-important investment.

Write today for information showing how you can save in your real estate investments as well as in your own bank with installations of Hood Rubber Tile.

YEARS OF BETTER FLOORING FROM YEARS OF BETTER RESEARCH



"M.S." — \$20

ONE lady customer of a bank has a pretty generous household allowance which she deposits in our bank and from which she pays her monthly bills. She always has difficulty in balancing her bank statement, and last month, her husband told us, she just couldn't get anywhere with it, so he tried to help her. He went over the statements for several months, beginning with the last one in which the balance agreed with that on the checkbook stub.



"I kept finding stubs marked 'M. S.—\$5.00,' 'M. S.—\$20.00,' 'M. S.—\$13.10,' and no checks to match. I couldn't imagine who in the world this 'M. S.' was that she was paying so much money to. Finally I asked her, and she said it stood for 'Mistake Somewhere.' She said she'd been doing that for years. It was the only way she could get her checkbook to balance—and now even that wouldn't work!"

News for Country Bankers

(CONTINUED FROM PAGE 61)

cash basis and the accrual basis—treating them separately to avoid confusion and to facilitate the use of the book. He provides specimens of Forms 1040F and 1040, with Schedule D, all completely filled in, with detailed explanatory notes as to why and how each entry was made, and how to apply the principles involved to each farmer's particular needs.

Partnership return of income; records to be kept; choice in reporting income and expenses; farm capital assets; carry-back and carry-forward; joint returns and splitting the income of husband and wife; buying or selling a farm; death of farmer; and many other equally important aspects of farm taxation are outlined and fully explained.

50 Ag Agents at Economics Meeting

FOR the first time since the inception of its economics meeting, the Peoples First National Bank & Trust Co., of Pittsburgh opened the 1950 meeting to agricultural agents from five states as well as correspondent bankers. Three hundred bankers from Pennsylvania, Ohio, West Virginia, Maryland, and New York attended with county agricultural agents from 50 counties in these states as their guests.

The economics meeting was orig-

"Cattle and hogs nothing—the 4-H loan I want is for Helen, Harriet, Hilda, and Hortense"



inated for the benefit of the bank's staff, but was so successful that it was expanded to include other bankers, and now, last year, was expanded still further. The 1950 meeting began at 4 o'clock and was addressed by Lloyd E. Partain, director of research for *The Country Gentleman*, whose topic was "Agriculture—A Business Barometer." Following a reception and dinner, Dr. Marcus Nadler, professor of finance at New York University, spoke on "The Impact of the Rearmament Program."

"The upward trend in farm income

has already brought on a new surge in farm land prices," said Mr. Partain. "Pennsylvania land prices, for instance, increased approximately 2 percent between March 1950 and July 1950. They are now at the highest point in history. This is dangerous and could result in a land boom which might have violent repercussions in the end. Care must be taken that farmers do not over-extend themselves in land buying."

Each correspondent bank is limited to two representatives at the meeting, usually the president and cashier.

THRIFTSURANCE

A brand new idea in a profit-making banking service for ANY financial institution

- ▶ Without interfering with existing savings plans, **THRIFTSURANCE** brings in new customers by assuring depositors that neither sickness, accident, or even death can prevent fulfillment of their savings goal. Truly, it's the greatest incentive for systematic savings ever devised!
- ▶ **THRIFTSURANCE** provides low-cost life and disability insurance that protects a predetermined savings goal. The saver selects as his goal a certain amount to be saved from, \$120 to \$1200, through regular monthly installments from \$10 to \$100 over a period of 12, 24, 36 or 48 months. No physical examination is required.
- ▶ **THRIFTSURANCE** is a completely "packaged" plan and installation includes all operating supplies, volume-producing advertising material, explanation of plan to your personnel, and services of trained field representative to introduce the plan to the community.
- ▶ **THRIFTSURANCE** is offered by an organization with 33 consecutive years devoted to developing new business for financial institutions. For complete details, write to:

THRIFTSURANCE DIVISION

BANKERS DEVELOPMENT CORPORATION

Sponsors of ThriftiCheck Service Plan

(Note New Address) 100 Park Avenue, New York 17, New York



STRUCTURAL METAL PRODUCTS are a \$50,000,000-a-year industry of the Los Angeles Metropolitan Area. Latest official census figures place the industry fifth in its class in the nation. Employees number almost 10,000 men and women.

SECURITY-FIRST NATIONAL BANK OF LOS ANGELES

Statement of Condition

December 30, 1950

RESOURCES

| | | |
|--|-------------------|---------------------------|
| Cash and Due from Banks | \$ 331,055,038.28 | |
| U. S. Government Securities | \$973,892,642.45 | |
| State and Municipal Securities | 53,081,382.41 | |
| Other Bonds and Securities | 16,206,500.58 | 1,043,180,525.44 |
| Loans and Discounts | | 435,177,284.19 |
| Earned Interest Receivable | | 5,026,996.10 |
| Customers' Liability under Acceptances and L/C | | 4,489,370.13 |
| Bank Premises | | 4,519,880.12 |
| Other Assets | | 271,526.22 |
| TOTAL | | \$1,823,720,620.48 |

LIABILITIES

| | | |
|--|-------------------|---------------------------|
| Capital | \$ 30,000,000.00 | |
| Surplus | 30,000,000.00 | |
| Undivided Profits | 37,802,312.01 | \$ 97,802,312.01 |
| Reserves—Taxes, Interest, Expense, Dividends | | 15,765,246.79 |
| Interest Collected—Unearned | | 3,332,463.50 |
| Acceptances and Letters of Credit Liability | | 4,546,007.49 |
| Other Liabilities | | 232,452.50 |
| Deposits—Time | \$ 625,469,248.36 | |
| —Demand .. | 1,076,572,889.83 | 1,702,042,138.19 |
| TOTAL | | \$1,823,720,620.48 |

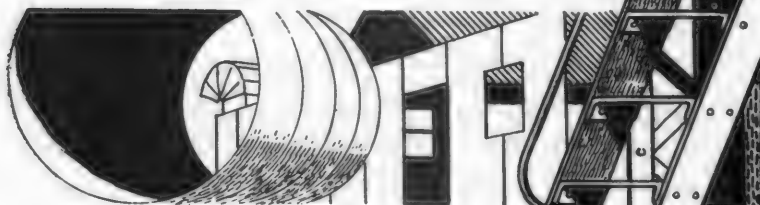
Securities carried at \$137,726,058.50 are pledged to secure trust funds and U. S. Government, State and other Public Moneys, and for other purposes as required or permitted by law.

BOARD OF DIRECTORS

George M. Wallace, *Chairman*
James E. Shelton, *President*

| | | |
|-------------------------|------------------|---------------------|
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| Thomas A. J. Dockweiler | William B. Munro | Edward R. Valentine |
| Gabriel C. Duque | Gurney E. Newlin | C. T. Wienke |
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| | Fred B. Ortmann | |

Member Federal Reserve System
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A.B.A. Supports Grasslands Betterment Plan

THE new 10-point "Improvement of the Nation's Grasslands" program of the Association of Land Grant Colleges and Universities and the U. S. Department of Agriculture has received the hearty endorsement of the Agricultural Commission of the American Bankers Association.

"The Agricultural Commission wishes to extend its fullest possible support and participation to the end that your objectives are accomplished," W. W. Campbell, Commission chairman, wrote Secretary Charles F. Brannan.

Mr. Campbell told the Secretary that the newly appointed Livestock Committee of the Commission will "study livestock problems as they affect our member banks."

The program covers: (1) Choice of grasses, legumes, and livestock; (2) wise use of fertilization; (3) growing of high quality forage by renovating pastures; (4) scientific livestock and pasture development and management; (5) water conservation; (6) weed, pest, parasite and disease control; (7) legume and grass seed utilization; (8) reduced costs and increased net income; and (10) appropriate financial aid to farmers and profitable tenant and landlord arrangements.

Conservation Report

NINE South Carolina banks located in Marion and Dillon counties have published and distributed to their customers a 24-page factual report on the improvements made in the Lower Pee Dee Soil Conservation District.

Illustrated with before and after shots of the improvement projects, the booklet outlines beneficial conservation procedures.

This message, over the signature of the individual banks, appears on a sticker on the inside front cover:

"This booklet, illustrating some of the many soil conservation practices which can and are being done here at home by farmers with whom we are acquainted, is presented to you as an illustration of the more abundant and happy livelihood in store for those farmers who conserve their soil, and of our interest in their efforts."

THE INDIANA NATIONAL BANK OF INDIANAPOLIS

CONDENSED STATEMENT OF CONDITION

At the close of business, December 30, 1950,

Giving effect to the consolidation of

The Indiana National Bank and The Union Trust Company of Indianapolis

RESOURCES

| | | |
|---|------------------|-------------------------|
| Cash on Hand and on Deposit with | | |
| Federal Reserve and Other Banks | \$110,852,192.74 | \$296,326,086.52 |
| U. S. Government Securities | 185,473,893.78 | |
| Other Bonds and Securities | | 22,670,379.03 |
| Stock in the Federal Reserve Bank | | 645,000.00 |
| Loans and Discounts | | 68,904,626.11 |
| Bank Buildings | | 1,500,000.00 |
| Accrued Interest Receivable | | 1,033,090.12 |
| Other Resources | | 180,045.86 |
| | | \$391,259,227.64 |

LIABILITIES

| | | |
|--|-----------------|-------------------------|
| Capital | \$ 6,500,000.00 | \$ 25,649,767.62 |
| Surplus | 15,000,000.00 | |
| Undivided Profits | 4,149,767.62 | |
| Accrued Interest, Taxes and Other Expenses | | 1,152,020.71 |
| Dividend Payable January 2, 1951 | | 120,000.00 |
| Dividend Checks Outstanding | | 67,998.00 |
| Deposits | | 363,942,537.48 |
| Unearned Discount | | 269,287.93 |
| Other Liabilities | | 57,615.90 |
| | | \$391,259,227.64 |

DIRECTORS

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Chairman of the Board,
J. D. Adams Manufacturing Co.

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President

SINCE 1834

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Aluminum

(CONTINUED FROM PAGE 68)

sion program. Companies will be able to amortize their new facilities in five years, as during the last war. To raise capital, V-loans will be guaranteed; and Washington also assumes responsibility for the sale of output of expanded factories for five years either to industry or the Government stockpile.

Finally, the government will assist in providing the huge amount of electric current for expanded aluminum production or absorb part of the cost of utilizing more expensive sources of power.

Present plans call for producers to step up their output as follows: Aluminum Company of America by 240-million pounds, and both Reynolds Metal Company and Kaiser Aluminum and Chemical Company by 200-million pounds each. Through reactivation of surplus potlines, the total expansion will approximate 800-million pounds.

Additional aluminum could probably be obtained from Aluminum Company of Canada, a subsidiary of

Aluminium, Ltd. Negotiations now in progress with Aluminum Reduction Company, Apex Smelting Company, and Harvey Machine Company may swell the total expansion to about 1-billion pounds of annual capacity.

Aluminium, Ltd., in Canada has also expanded its business considerably through its own resources and with help of the Ottawa government, including widespread efforts to increase the production of bauxite ores in various countries of the world.

Overexpansion Unlikely

There is a tendency in some quarters to view industrial expansion for war production with a good deal of alarm because of the potential danger of overproduction during future periods when war clouds may have disappeared. Such apprehensions are not necessarily justified in the case of aluminum.

So many uses have been found and developed in the recent postwar period that peacetime consumption of the metal and its various alloys doubled since 1946.

Another factor in aluminum's fa-

vor is that, since V-J Day, the price of ingots has risen only from 15 to 19 cents a pound, as against the spectacular increase in copper, zinc, lead and, to a certain extent, even steel prices. The relatively low price will invite expanded civilian usages as well, once the shooting is over.

Great progress has also been made in the development of rolled aluminum tapered sheet and plate and in new magnesium alloys and the technique of casting plane wings of magnesium.

The tax position of the industry is regarded as a relatively sheltered one, and the earning potential of the industry is considered good, since the Government will have to allow a reasonable amount of profit on military orders. In fact, it is quite possible that Washington may pay a premium of several cents a pound to rebuild its lagging stockpiles. The latter will probably serve as the main aluminum arsenal of democracy for all western nations.

Thus, the aluminum industry is in an excellent position to fulfill its role and obligations in both war and peace with its projected capacity of production.

Efficient Services in Colombia

THROUGH

BANCO DE BOGOTA

Oldest established and largest bank in Colombia
45 BRANCHES

Special attention to collections

Accurate and dependable credit information service

Total Assets:

MORE THAN \$269 MILLION PESOS

Colombian Imports from United States:

1946: US. \$ 195,000,000

1947: US. \$ 216,000,000

1948: US. \$ 197,000,000

1949: US. \$ 175,875,095

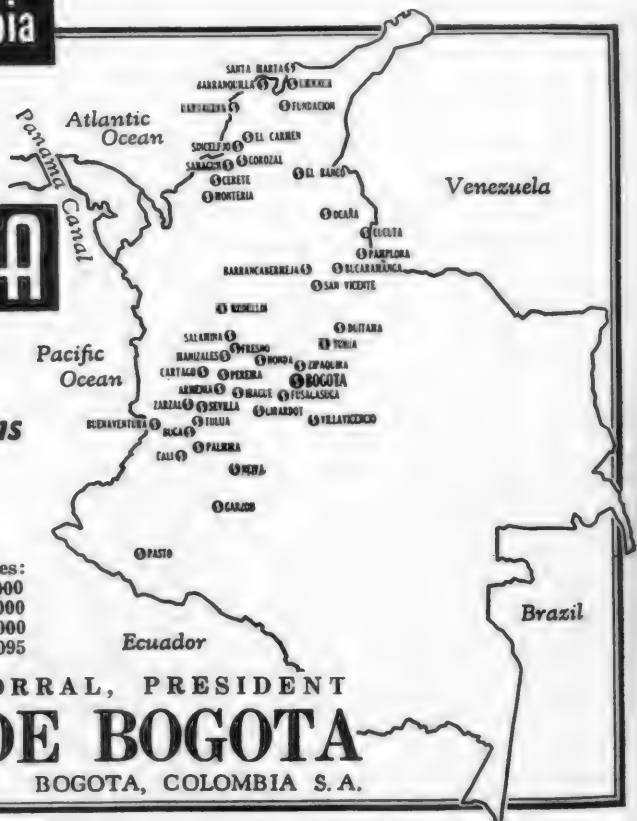


MARTIN DEL CORRAL, PRESIDENT

BANCO DE BOGOTA

ESTABLISHED 1870

BOGOTA, COLOMBIA S.A.



Growing

...WITH
GENUINE
APPRECIATION
FOR YOUR
FRIENDSHIP
...WITH
GRATITUDE
FOR THE
OPPORTUNITY
THE NEW YEAR
GIVES
US TO
SERVE
YOU

STATEMENT OF CONDITION

at the close of business December 30, 1950

ASSETS

| | |
|--|------------------|
| Cash on Hand and due from Banks | \$171,275,421.30 |
| United States Securities Owned | 107,850,926.81 |
| State, County and Municipal Bonds and Other Securities | 10,507,966.63 |
| Loans and Discounts | 179,981,431.40 |
| Income Accrued | 835,504.88 |
| Letters of Credit and Acceptances | 3,108,705.28 |
| Banking House and Equipment | 2,971,972.35 |
| Other Assets | 27,501.00 |
| | <hr/> |
| | \$476,559,429.65 |

LIABILITIES

| | | |
|---|-----------------|------------------|
| Capital Stock | \$12,000,000.00 | |
| Surplus Fund | 12,000,000.00 | |
| Undivided Profits | 3,544,347.96 | \$ 27,544,347.96 |
| Reserved for Contingencies | | 2,530,464.75 |
| Reserved for Taxes, Etc. | | 3,072,879.46 |
| Interest Collected not Earned | | 262,277.57 |
| Letters of Credit and Acceptances | | 3,108,705.28 |

DEPOSITS

| | | |
|-----------------------------|------------------|------------------|
| Individual | \$278,926,330.50 | |
| Banks and Bankers | 156,528,606.21 | |
| U. S. Government | 4,585,817.92 | 440,040,754.63 |
| | | <hr/> |
| | | \$476,559,429.65 |

75 Years of Dependable Correspondent Service

FIRST NATIONAL BANK

IN DALLAS

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



Highlights of 50 Years!

ALUMINUM COMPANY OF AMERICA . . . The steady growth of Aluminum Company of America in Pittsburgh necessitates the construction of one large building to house all its facilities which are now spread out in several buildings throughout Pittsburgh.

Alcoa is erecting on the centrally-located Nixon Theater site, acquired in 1949, a modern, aluminum-sheathed 30-story edifice, first of its kind in the world. Floors ten through thirty inclusive will be occupied by the company; others will be available for rent. To allow for planting grass and shrubs and future street widening, the building will be set back 14½ feet from the lot line on William Penn Way. The Alcoa Building will be ready for occupancy in the spring of 1952.

The insurance industry has long played an important role in the development of commercial, industrial, and cultural America . . . through providing vast sums of money for research and expansion, and by furnishing the basic insurance protection which progress demands.



50TH
ANNIVERSARY
YEAR

NATIONAL UNION
Fire Insurance Company
OF PITTSBURGH, PENNSYLVANIA

Washington

(CONTINUED FROM PAGE 42)

This figure must be regarded as tentative. It may, on the one hand, prove difficult to spend this much on military objectives before June 30. On the other hand, if the pitch of war mounts, a very considerable amount more may be spent.

With the new budgetary outlook, the Federal Government has a new fiscal problem. Excess profits taxation, plus the increases in corporation and individual income taxes made last year in the interim tax bill would have left the Government, then projecting \$30-billion of military outlays, with a fiscal problem much easier to manage.

Within the Government as a whole there were two differing opinions about how to tackle this fiscal problem. The Council of Economic Advisors, particularly, felt that the entire budgetary deficit not only could, but must, be met by additional taxation, no matter how severe. This was the view which prevailed initially, it would appear, at the White House. Furthermore, the original view was that this budgetary deficit not only must be closed by taxation, but that it must be closed immediately by prompt enactment of much stiffer taxation.

In other quarters, particularly in Congress, the view was held that the political implications of taxation so severe as to bring about the balance of the budget necessitated most careful and deliberate consideration.



"How's chances of withdrawing you for lunch at 12:30?"

BANKING

Congress may be expected, short of all-out war, to move deliberately. Even if the Congress added only several billion to the tax burden, the "bite" would hurt. With the excess profits tax and the interim tax bills, the immediate pressure upon the Treasury for funds abated. Heavy outpayments on war contracts are not expected much before the middle of this calendar year.

Tax Legislation

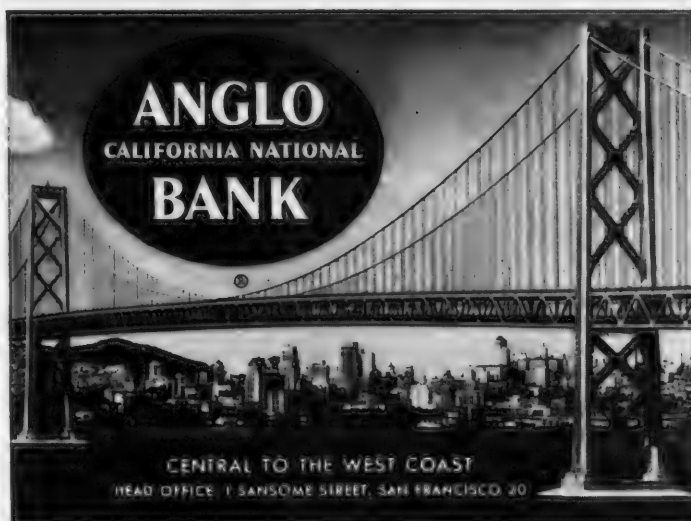
Congress will emphasize two forms of taxation; additional excises, and heavier taxes on the middle and lower personal income brackets. It will strive to put an excise tax on a number of manufactured items not now covered and will probably raise some existing rates. Final enactment of a general Federal manufacturers' excise or sales tax is discounted at this time.

Such a tax is discounted in informed circles for two reasons: first, because it always has been so politically vulnerable, and second, because it is doubtful that a really large revenue total would result from such a tax. Probably a relatively uniform Federal excise tax would have to exempt a number of products, in the interests of equity, and this would diminish a general tax's productivity. It is noted that existing excises were selected for their productivity.

The theory that the general manufacturers' excise tax will fail is based on the premise that it would not produce enough to warrant facing up to the political liabilities thereof. If someone can propose a tax of this character which would produce a large volume of revenue, its chances of enactment would increase substantially.

Congress probably will give corporations a third round of tax increases within six months. An effort will be made to tighten up on some of the exemptions to the excess profits tax. The total surtax, or normal rate, also is likely to be boosted to somewhere between 52 and 55 percent. It is also likely that the maximum total corporation income tax under combined EPT and normal rates may be boosted above the present limitation of 63 percent.

Without great public pressure or total war, it would be reasonable to expect Congress to add, say, another \$3-billion to the tax burdens



STATEMENT OF CONDITION

DECEMBER 30, 1950

ASSETS

| | |
|---|-------------------------|
| Cash and Due from Banks | \$126,627,249.89 |
| U. S. Government Securities | 224,495,075.17 |
| State and Municipal Securities | 34,226,324.71 |
| Other Bonds and Securities | 7,751,904.44 |
| Loans and Discounts | 247,036,275.53 |
| Accrued Income Receivable | 2,132,780.72 |
| Stock in Federal Reserve Bank | 810,000.00 |
| Bank Premises and Equipment | 7,509,698.87 |
| Other Real Estate Owned | 21,340.18 |
| Customers' Liability under Letters of Credit and Acceptances | 13,173,269.84 |
| Other Assets | 767,223.35 |
| TOTAL | \$664,551,142.70 |

LIABILITIES

| | |
|---|-------------------------|
| Demand Deposits | \$323,839,422.44 |
| Time Deposits | 212,516,941.53 |
| U. S. Government Deposits | 7,047,459.09 |
| Other Public Deposits | 64,516,655.41 |
| Total Deposits | \$607,920,478.47 |
| Dividends Payable | 675,000.00 |
| Income Collected in Advance | 2,615,323.08 |
| Letters of Credit and Acceptances | 15,070,324.14 |
| Reserve for Future Loan Losses | 2,523,453.56 |
| Accrued Interest, Taxes and Other Expense | 2,350,424.60 |
| Capital Stock | 15,000,000.00 |
| Surplus | 12,000,000.00 |
| Undivided Profits | 4,895,085.07 |
| Reserves | 1,501,053.78 |
| TOTAL | \$664,551,142.70 |

Securities carried at \$102,461,226.04 are pledged to secure trust deposits, United States Government and other public deposits, as required by law.

BAKERSFIELD • BERKELEY • CHICO • FRESNO • HANFORD • HAYWARD • LEMOORE • MERCED • MODESTO
OAKLAND • PALO ALTO • RED BLUFF • REDDING • SACRAMENTO • SAN FRANCISCO • SAN JOSE
Member Federal Reserve System • Member Federal Deposit Insurance Corporation

1895



1951

STATEMENT OF CONDITION

December 30, 1950

RESOURCES

| | | |
|--|-----------------|-------------------------|
| Cash and Due from Banks... | \$72,276,986.79 | |
| U. S. Government Securities... | 59,507,444.44 | \$131,784,431.23 |
| Other Bonds and Securities | 9,652,742.55 | |
| Loans and Discounts | 68,012,551.48 | |
| Federal Reserve Bank Stock | 240,000.00 | |
| Income Earned, Not Collected | 512,408.67 | |
| Bank Premises | 1.00 | |
| Furniture and Fixtures | 736,147.30 | |
| Customers' Liability Under Letters of Credit | 13,030,026.58 | |
| Other Resources | 20,376.71 | |
| | | <u>\$223,988,685.52</u> |

LIABILITIES

| | | |
|---|------------------|-------------------------|
| Deposits | \$199,232,557.23 | |
| Income Collected, Not Earned | 322,222.47 | |
| Taxes, Interest and Expense—Accrued | 584,397.95 | |
| Letters of Credit Outstanding | 13,030,026.58 | |
| Capital | \$ 3,000,000.00 | |
| Surplus | 5,000,000.00 | |
| Undivided Profits | 2,819,481.29 | 10,819,481.29 |
| | | <u>\$223,988,685.52</u> |

OFFICERS

R. OTIS MCCLINTOCK, *President*F. L. DUNN, *Executive Vice President**Vice Presidents*ROSCOE ADAMS, *Cashier*

F. L. ALBAN W. L. KENDALL
 E. F. ALLEN HARRY C. LANE
 J. P. BYRD, JR. WM. W. MICHAELS
 E. M. CARTER O. H. ORMAN
 S. R. DENTON J. E. PARKER
 RUSSELL F. HUNT F. M. REYNOLDS
 R. ELMO THOMPSON

Assistant Cashiers

W. E. BEARD J. W. McCARTER
 R. E. DAVIS R. W. MILAM
 O. H. GAULT J. D. PALMER
 A. H. HURLEY R. L. PHILLIPS
 J. D. KIPER H. L. PULLEN
 C. C. LAWRENCE, JR. R. A. WAGNER

Assistant Vice Presidents

J. L. BAKER J. W. McLEAN
 F. S. HUGILL GORDON WHITE

Trust Officers

N. M. HULINGS M. M. LAWELLIN
 G. O. BAYLESS, JR., *Asst. Trust Officer*
 LOUIS WALL, *Auditor*

THE FIRST NATIONAL BANK
AND TRUST COMPANY OF TULSA

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

of business, and from \$4- to \$5-billion to the taxes of individuals, direct or through excises.

Budgetary Gap

Under the circumstances, the Government, it would appear, would have difficulty keeping the gap between revenues and expenditures at less than \$15-billion. If this deficit is financed in large part by the sale to the public of E and similar bonds, the inflationary influence of this deficit financing will diminish. That is why the Treasury is counting upon banks and other volunteers to inform the public about the urgent need for selling new bonds to absorb funds received from maturing E bonds, and to encourage the sale of new Savings Bonds to a public which is acquiring additional income from overtime pay earned in war production.

To assist in the sale of Savings Bonds, the Treasury has developed an entire new course of advertisements to be published first in magazines, and later in newspapers. The new ads stress actual case histories of how persons and families were able to utilize investments in Savings Bonds at great personal advantage.

One advertisement shows mother, father, and son over the caption, "The bonds we bought for our country's defense are helping our boy to become a doctor." Pictures with captions develop the story of the saving of money for these bonds and the ultimate expenditure of the proceeds to put the son through medical school. It concludes, "The Dalys' story can be your story, too."

Despite the enormous public rush to spend cash, savings, and E bond proceeds last July and August, fol-

(CONTINUED ON PAGE 110)



"We've come to see the sharks."

THE NATIONAL CITY BANK OF NEW YORK

Head Office • 55 WALL STREET • New York

67 Branches in Greater New York

52 Branches Overseas



Condensed Statement of Condition as of December 31, 1950

ASSETS

| | |
|--|------------------------|
| Cash, Gold and Due from Banks..... | \$1,437,981,108 |
| United States Government Obligations..... | 1,724,232,775 |
| Obligations of Other Federal Agencies..... | 60,599,854 |
| State and Municipal Securities..... | 426,364,539 |
| Other Securities..... | 137,186,350 |
| Loans and Discounts..... | 1,664,941,944 |
| Real Estate Loans and Securities..... | 6,422,939 |
| Customers' Liability for Acceptances..... | 15,819,426 |
| Stock in Federal Reserve Bank..... | 7,800,000 |
| Ownership of International Banking Corpora- tion..... | 7,000,000 |
| Bank Premises..... | 26,970,778 |
| Items in Transit with Branches..... | 8,657,198 |
| Other Assets..... | 2,371,117 |
| Total..... | \$5,526,348,028 |

LIABILITIES

| | |
|---|------------------------|
| Deposits..... | \$5,130,853,626 |
| Liability on Acceptances and Bills. \$34,849,465 | |
| Less: Own Acceptances in Port- folio..... | 15,316,547 |
| Due to Foreign Central Banks..... | 19,532,918 |
| (In Foreign Currencies) | 12,989,000 |
| Reserves for: | |
| Unearned Discount and Other Unearned Income..... | 11,562,252 |
| Interest, Taxes, Other Accrued Expenses, etc. | 30,699,406 |
| Dividend..... | 2,635,000 |
| Capital..... | \$124,000,000 |
| (6,200,000 Shares—\$20 Par) | |
| Surplus..... | 136,000,000 |
| Undivided Profits..... | 58,075,826 |
| Total..... | \$5,526,348,028 |

Figures of Overseas Branches are as of December 23, 1950.

\$283,763,467 of United States Government Obligations and \$15,014,100 of other assets are deposited to secure \$208,701,191 of Public and Trust Deposits and for other purposes required or permitted by law.

(Member Federal Deposit Insurance Corporation)

Affiliate of The National City Bank of New York for separate
administration of trust functions

CITY BANK FARMERS TRUST COMPANY

Head Office: 22 William Street, New York

Capital Funds \$30,654,930

DIRECTORS

WM. GAGE BRADY, JR.
Chairman of the Board

W. RANDOLPH BURGESS
Chairman of the Executive
Committee

HOWARD C. SHEPHERD
President

SOSTHENES BEHN

Chairman, International
Telephone and Telegraph
Corporation

CURTIS E. CALDER

Chairman of the Board, Electric
Bond and Share Company

EDWARD A. DEEDS

Chairman of the Board, The
National Cash Register
Company

CLEVELAND E. DODGE

Vice-President, Phelps Dodge
Corporation

L. M. GIANNINI

President, Bank of America
National Trust and Savings
Association

JOSEPH P. GRACE, JR.

President, W. R. Grace & Co.

WILLIAM H. HOOVER

President, Anaconda Copper
Mining Company

AMORY HOUGHTON

Chairman of the Board,
Corning Glass Works

ROGER MILLIKEN

President, Deering, Milliken &
Co. Incorporated

FREDERICK B. RENTSCHLER

Chairman, United Aircraft
Corporation

GERARD SWOPE

Honorary President, General
Electric Company

REGINALD B. TAYLOR

Williamsville, New York

ROBERT WINTHROP

Robert Winthrop & Co.

BOYKIN C. WRIGHT

Shearman & Sterling & Wright

FIRST SECURITY CORPORATION

Largest Intermountain Banking Organization

41 BANKING OFFICES IN UTAH - IDAHO WYOMING

SYSTEM OF BANKS

CONSOLIDATED STATEMENT OF CONDITION

December 30, 1950

RESOURCES

| | |
|---|-------------------------|
| Cash on Hand and in Banks..... | \$ 61,364,163.65 |
| U. S. Govt. Securities, Direct or Fully Guaranteed..... | 96,856,864.99 |
| Municipal and Listed Securities..... | 5,099,470.54 |
| Total Cash and Bonds..... | \$163,320,499.18 |
| Loans and Discounts..... | \$136,986,164.91 |
| Banking Houses, Furniture and Fixtures..... | 3,309,390.24 |
| Stock in Federal Reserve Bank..... | 345,000.00 |
| Other Resources..... | 262,676.25 |
| Total Resources..... | <u>\$304,223,730.58</u> |

LIABILITIES

| | |
|--|-------------------------|
| Treasury Tax and Loan Account..... | \$ 3,011,704.45 |
| Other Government and Public Fund Deposits..... | 35,155,852.63 |
| Due to Banks..... | 15,125,072.70 |
| Other Demand Deposits..... | 158,431,193.08 |
| Time Deposits..... | 69,159,893.91 |
| Total Deposits..... | \$280,883,716.77 |
| Reserve for Unearned Discount..... | \$ 1,064,874.19 |
| Reserve for Taxes, Interest, Expenses, etc..... | 2,136,148.61 |
| Res. Under Authority U. S. Treasury, Mim. 6209.. | 2,375,200.32 |
| Other Liabilities..... | 190,090.24 |
| Capital..... | \$ 5,766,313.36 |
| Surplus..... | \$ 5,625,000.00 |
| Undivided Profits..... | 6,125,000.00 |
| Reserve for Contingencies..... | 3,869,399.75 |
| Deferred Credits to Income..... | 1,757,464.95 |
| | 196,835.75 |
| | <u>\$ 17,573,700.45</u> |
| Total Liabilities..... | <u>\$304,223,730.58</u> |

When you require banking connections in the Intermountain area we invite you to use our complete facilities.

MEMBER BANKS

FIRST SECURITY BANK OF IDAHO, N. A.

23 Banking Offices

FIRST SECURITY BANK OF UTAH, N. A.

17 Banking Offices

FIRST SECURITY BANK OF ROCK SPRINGS

Rock Springs, Wyoming

Members of Federal Deposit Insurance Corporation

(CONTINUED FROM PAGE 108)

lowing the outbreak of war in Korea, net cashings of E bonds exceeded sales by less than \$244-million in 1950.

Economy Is Slow

Congress will not forget the economy side of the fiscal picture, although trying to prune expenses is an unspectacular, technical, and difficult job. The economy drive got under way rather slowly, inherently so, in view of the somewhat piqued rejoinder of the President to Senator Harry F. Byrd's suggestion that the Administration and Congress cooperate in reducing nonwar expenses by \$7.6-billion.

Fair Deal in Mothballs

It is apparent that by and large during 1951 the Truman Fair Deal will go into mothballs as the Fleet comes out of them. Congress is little disposed to consider such reforms as compulsory health insurance, compulsory social and economic equality, aid to education, and similar measures.

On the other hand, the left-wing elements within Congress are very vigilant for opportunities to get pieces of their programs enacted. This was amply demonstrated during the lame duck session, when a bill passed revising the entire labor relations setup of the Railway Labor Act. While conservatives seemingly were preoccupied with the war, Congress provided for what amounts to virtual compulsory union membership for railway workers and the

(CONTINUED ON PAGE 112)



"Get's harder to find a parking place every day!"

Republic National Bank of Dallas

Statement of Condition, December 30, 1950

RESOURCES

| | |
|---|-------------------------|
| Cash and Due from Banks | \$139,309,919.87 |
| U. S. Government Securities | 56,947,845.52 |
| State, Municipal and Other Securities | 5,873,152.77 |
| Stock in Federal Reserve Bank | 825,000.00 |
| Loans and Discounts | 191,670,662.29 |
| Bills of Exchange and Commodity Loans | 38,035,372.42 |
| Bank Premises and Equipment | 2,336,588.35 |
| Real Estate for Bank Expansion | 2,423,241.69 |
| Acceptances—Customers Account | 9,713,999.33 |
| TOTAL | \$447,135,782.24 |

LIABILITIES

| | | |
|---|-------------------------|----------------|
| *Capital | \$ 13,500,000.00 | |
| *Surplus | 14,000,000.00 | |
| Undivided Profits | 3,573,588.88 | 31,073,588.88 |
| Reserve for Contingencies | | 2,503,728.19 |
| Reserve for Taxes, Etc. | | 2,585,981.31 |
| Acceptances—Customers Account | | 9,713,999.33 |
| Deposits: | | |
| Individual | 255,581,674.26 | |
| Banks | 140,918,198.93 | |
| U. S. Government | 4,758,611.34 | 401,258,484.53 |
| TOTAL | \$447,135,782.24 | |

* Capital is being increased to \$16,000,000 and Surplus to \$16,500,000, to be effective January 8, 1951, by sale of 125,000 additional shares of stock at \$40.00 per share, amounting to \$5,000,000.

★ ★ ★

The assets of the Republic National Company, including its capital stock of \$3,000,000, are not included in above statement. The Company owns controlling stock in the following banks located in Greater Dallas, all affiliated with the Republic National Bank:

| | |
|------------------------------|----------------------------|
| FAIR PARK NATIONAL BANK | LAKEWOOD STATE BANK |
| GREENVILLE AVENUE STATE BANK | NATIONAL CITY BANK |
| HIGHLAND PARK STATE BANK | OAK CLIFF BANK & TRUST CO. |
| OAK LAWN NATIONAL BANK | |

Deposits of the Republic National Bank and
Affiliated Banks aggregate \$498,026,471.84

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

(CONTINUED FROM PAGE 110)
dues checkoff. And Congress also amended the Clayton Act to ban the purchase by one company of the assets of a competing company.

Left-wingers may be expected to be alert to attempts to get public power expanded as part of the military program, to get the Taft-Hartley Act modified, or push for action along any other left-wing front where opportunities may offer.

Reserves Outlook

It is doubtful that Congress will have the time, for months to come,

for consideration of the Federal Reserve Board's request for standby legislation to boost required reserves.

This is the same request, fundamentally, which the Board made in November 1947 to the special session of Congress called to deal with inflation. Although the Board subsequently dropped the proposed "special reserve," which was to consist primarily of short-term governments, in favor of a boost in conventional reserves, the Board remains convinced that the "special reserve" proposal is still the better plan.

The Banking Committees of Congress will be preoccupied early in this session with the extension of rent control, the continuance and modification of the Defense Production Act, and war housing. Only if higher reserves become a major Administration objective, is action likely any time within the next two or three months. There is reason to believe, however, that important groups within the Administration would regard higher reserve requirements as a deterrent to promoting the financing of both war production and industrial plant expansion.

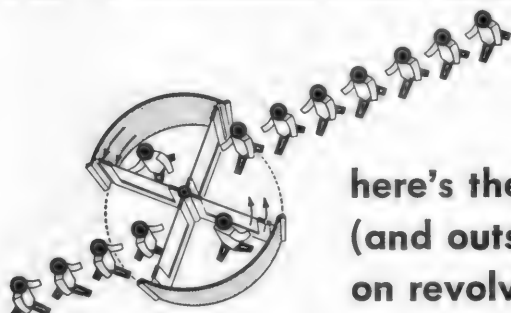
War Housing Expansion

With the original Maybank bill to provide for war housing, it is indicated that as war production expands, the financing of such housing is likely to develop into a considerable outlet for bank and other funds.

At first it was thought that war housing insurance would be limited to, say, \$1-billion, and the balance of the program would involve direct Federal construction. When the bill was made public it provided also for some construction of prefabricated housing, and for the financing by the Government of "community facilities."

Financing of housing during this war is established under a new FHA Title IX. While this title is similar in some respects to World War II and postwar financing under Title VI, the new title draws a clear distinction in time as well as accounting methods between the two varieties of housing insurance.

With registration of mortgage lenders under consideration by



here's the inside (and outside) story on revolving doors

From every angle — there are two important sides to the revolving door's story of advantages — the *inside* and the *outside* — and both are important in keeping banks clean, draft-free, and comfortable.

Revolving doors eliminate the need for vestibules *inside* your entrance — save you up to 25% in heating and cooling costs by keeping the conditioned air *inside* your bank.

Revolving doors prevent drafts and keep dirt and noise *outside*. They are easy for customers to use — increase business and prestige by improving the *outside* appearance of your bank.

The whole (inside and outside) story that tells how International-Van Kannel revolving doors can mean money to your bank will be sent to you on request. Write today.



NATIONAL BANK OF TULSA, TULSA, OKLAHOMA

FOR INFORMATION — consult your classified directory under Doors, Revolving, or see our catalog in Sweet's.

REVOLVING
INTERNATIONAL-VAN KANNEL
DOORS
1808 EDGAR STREET EVANSVILLE 7, IND.

IN CANADA — International-Van Kannel revolving doors are available through Eastern Steel Products, Ltd., in Toronto and Montreal



"What's the matter with top hats? Why don't bankers wear top hats anymore?"

Washington housing authorities, the American Bankers Association asked for permission to participate in drafting the registration form that will be used in the event registration is imposed. The A.B.A. was represented at a meeting to consider registration, called by the Bureau of the Budget for the middle of January, by Elmer S. Carll, vice-president of the Frankfort Trust Company, Philadelphia; J. R. Dunkerley, A.B.A. deputy manager and secretary of the Savings and Mortgage Division; and J. O. Brott, A.B.A. assistant general counsel.

Other mortgage lenders were present at the meeting, including mortgage bankers, life insurance companies, and brokers.

On the same day, Deputy Manager Dunkerley attended a meeting of the Technical Advisory Committee on Credit and Production of Statistics of the Housing and Home Finance Agency to discuss the compilation of building and mortgage statistics. This meeting was sponsored by the HHFA and the FRB.

V-Loan Legislation

The guaranty agreement on V-loans has now been changed so that it will include protection to the financing institution in the event that it is required to repay to the Government any amounts received on an assigned contract because of certain amounts due by the contractor to the Government. At the present time, the Federal Reserve Board, the guaranteeing agencies, and the American Bankers Association are suggesting an amendment to the Assignment of Claims Act of 1940 which would remedy this situation and other deficiencies of the act.

Financing of Government contracts in the stepped-up defense program will be facilitated when this legislation is enacted. Loans for financing production and expansion of industrial facilities will increase as defense develops.

Excess Profits Taxes

Under the excess profits taxes legislated during the lame duck session, banks were confronted with two potential "distortions" of their income during the 1946-49 base years. They were authorized by the Internal Revenue Bureau to build up tax free reserves against bad debts. Since these reserves usually were

in excess of bad debts, they distorted the income of the base years.

Likewise the FDIC assessment credit during the base years tended to distort earnings in base years in comparison with post-base or EPT years. Sponsored by the Virginia Bankers Association, and approved by the American Bankers Association, Senator A. Willis Robertson (D., Va.) proposed amendments, subsequently adopted, to the EPT law, neutralizing these distortions.

War damage insurance legislation, which died during the lame duck session, will get a fresh start this year. However, it may move slowly. It is recognized that the problem is broader than merely insuring physical facilities.

CONDENSED

Statement of Condition

AT CLOSE OF BUSINESS DECEMBER 30, 1950

DIRECTORS

SAMUEL K. RINDGE
Chairman of the Board

HERBERT D. IVEY
President

CARL E. BAKER
MILO W. BEKINS
W. J. BOYLE
WALTER H. BUTLER
RALPH J. CHANDLER
EUGENE P. CLARK
DWIGHT L. CLARKE
T. B. COSGROVE
A. M. DUNN
ERNEST E. DUQUE
ROBERT E. HUNTER
WILLIAM A. INNES
L. O. IVEY
EARLE M. JORGENSEN
ROBERT W. KENNY
RUDOLPH A. PETERSON
WILLIAM S. ROSECRANS
W. A. SIMPSON
J. HARTLEY TAYLOR

RESOURCES

| | |
|---|-------------------------|
| Cash and Due from Banks | \$ 84,110,946.65 |
| United States Government Securities | 180,777,560.09 |
| State, County and Municipal Bonds | 14,614,887.59 |
| Loans and Discounts | 85,639,013.67 |
| Federal Reserve Bank Stock | 300,000.00 |
| Stock in Commercial Fireproof Building Co.—Head Office Building | 348,500.00 |
| Bank Premises, Furniture and Fixtures, and Safe Deposit Vaults (Including Branches) | 2,831,840.74 |
| Other Real Estate Owned, Carried at | 1.00 |
| Customers' Liability under Letters of Credit and Acceptances | 2,111,333.58 |
| Earned Interest Receivable | 1,023,382.09 |
| Other Resources | 204,661.25 |
| TOTAL | \$371,962,126.66 |

LIABILITIES

| | |
|---|-------------------------|
| Capital Stock | \$5,000,000.00 |
| Surplus | 6,000,000.00 |
| Undivided Profits | 4,405,593.75 |
| Reserves for Interest, Taxes, Contingencies, Etc. | 2,459,060.99 |
| Discount Collected—Unearned | 651,649.36 |
| Letters of Credit and Acceptances | 2,122,285.90 |
| Other Liabilities | 744,494.52 |
| Deposits | 350,579,042.14 |
| TOTAL | \$371,962,126.66 |

Head Office: Fifth & Spring Streets, Los Angeles

Hill Street Office: 736 So. Hill Street

Subway Terminal Office: 439 So. Hill Street

36 conveniently located Branches throughout Los Angeles

Citizens National
TRUST & SAVINGS Bank
OF LOS ANGELES

MEMBER
FEDERAL RESERVE
SYSTEM

MEMBER
FEDERAL DEPOSIT
INSURANCE
CORPORATION



"My relatives are visiting me this afternoon, and I want to be prepared!"



The First National Bank of Chicago

Board of Directors

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Chairman of the Board

Leopold E. Block
Chairman, Finance Committee,
Inland Steel Company

Augustus A. Carpenter
Director, Hills-McCanna
Company

J. D. Farrington
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Rock Island and Pacific
Railroad Company

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Vice-Chairman of the Board

Walter M. Heymann
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Henry P. Isham
President, Clearing Industrial
District, Inc.

James S. Knowlson
Chairman of the Board
and President,
Stewart-Warner Corp.

Homer J. Livingston
President

Hughston M. McBain
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Marshall Field & Company

Bentley G. McCloud
Banker

Harry C. Murphy
President, Chicago, Burlington
& Quincy R. R. Co.

James Norris
President, Norris Grain Co.

James F. Oates, Jr.
Chairman, The Peoples Gas
Light and Coke Co.

John P. Oleson
Banker

R. Douglas Stuart
Vice-Chairman,
Quaker Oats Company

Louis Ware
President, International
Minerals & Chemical Corp.

Albert H. Wetten
President, A. H. Wetten & Co.

Harry A. Wheeler
Banker

C. J. Whipple
Chairman of the Board,
Hibbard, Spencer, Bartlett & Co.

John P. Wilson
Wilson & McIlvaine

Robert E. Wilson
Chairman of the Board,
Standard Oil Company
(Indiana)

Robert E. Wood
Chairman of the Board,
Sears, Roebuck and Co.

Statement of Condition December 31, 1950

| ASSETS | | | |
|--|----------------|-------------------|---------------------------|
| Cash and Due from Banks | | | \$ 612,756,891.04 |
| United States Obligations—Direct and Guaranteed | | | |
| Unpledged | | \$ 615,680,362.54 | |
| Pledged—To Secure Public Deposits and Deposits Subject to Federal Court Order | 180,564,014.22 | | |
| To Secure Trust Deposits | 84,398,667.34 | | |
| Under Trust Act of Illinois | 512,000.00 | | 881,155,044.10 |
| Other Bonds and Securities | | | 133,125,165.27 |
| Loans and Discounts | | | 953,329,881.10 |
| Real Estate (Bank Building) | | | 2,204,723.08 |
| Federal Reserve Bank Stock | | | 4,800,000.00 |
| Customers' Liability Account of Acceptances | | | 3,946,772.95 |
| Interest Earned, not Collected | | | 6,128,632.29 |
| Other Assets | | | 1,162,650.31 |
| | | | <u>\$2,598,909,760.14</u> |
| LIABILITIES | | | |
| Capital Stock | | \$ 75,000,000.00 | |
| Surplus | | | 85,000,000.00 |
| Other Undivided Profits | | | 4,023,283.46 |
| Discount Collected, but not Earned | | | 1,478,134.05 |
| Dividends Declared, but Unpaid | | | 1,500,000.00 |
| Reserve for Taxes, etc. | | | 22,593,921.71 |
| Liability Account of Acceptances | | | 4,526,949.75 |
| Time Deposits | | \$ 449,418,887.22 | |
| Demand Deposits | | 1,757,522,519.27 | |
| Deposits of Public Funds | | 197,845,527.53 | 2,404,786,934.02 |
| Liabilities other than those above stated | | | 537.15 |
| | | | <u>\$2,598,909,760.14</u> |

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Bank Advertising Expenditures

Will Go Up in 1951

THE annual A.B.A. Advertising Department survey of commercial bank advertising plans shows that banks will spend over \$43,000,000 for advertising in 1951. This is an increase of more than 10 percent over 1950.

In every size group, except \$25-75-million deposits, banks plan to increase their expenditures over last year. And in nearly every size group the 1951 expenditure will be the largest since the war—and quite

probably the largest ever recorded.

Services to be advertised show slight changes over last year. Both personal and mortgage credit dip downward. The deposit services—checking accounts and savings accounts—hold their clear-cut leadership.

Bankers showed a decided reluctance for the first time to answer the question, "What is the job ahead for bank advertising?"

Those who did try to peer around

the curtain into the future tended to agree that banks should take a lead in encouraging sound personal and Government financing. Wartime themes, such as fighting inflation, preserving free enterprise after the emergency, helping increase war production, and selling Savings Bonds, all showed strength.

A detailed summary of the findings is available on request from the A.B.A. Advertising Department, 12 E. 36th Street, New York 16.

1951 ADVERTISING EXPENDITURES ALL COMMERCIAL BANKS IN U. S.

| Deposits | Number of Banks in U. S. | Number of Questionnaires Returned | 1951 Average Expenditures (for banks listing same) | Comparison | | | | |
|-------------------------|--------------------------|-----------------------------------|--|------------|----------|----------|----------|----------|
| | | | | 1950 | 1949 | 1948 | 1947 | 1946 |
| Under \$1-million | 2700 | 293 | \$ 485 | \$410 | \$450 | \$385 | \$285 | \$266 |
| \$1-under \$5-million | 7900 | 1534 | \$1025 | \$900 | \$1050 | \$900 | \$760 | \$698 |
| \$5-under \$10-million | 1825 | 575 | \$2710 | \$2600 | \$2500 | \$2265 | \$2160 | \$1780 |
| \$10-under \$25-million | 975 | 404 | \$6335 | \$5970 | \$5540 | \$4765 | \$5030 | \$4383 |
| \$25-under \$75-million | 425 | 183 | \$15,945 | \$16,020 | \$15,854 | \$12,835 | \$15,390 | \$23,954 |
| Over 75-million | 235 | 107 | \$67,520 | \$56,750 | \$55,400 | \$64,120 | \$62,750 | |
| Totals | 14,060 | 3,096 | | | | | | |

EMPHASIS CHART

Figures given indicate total number of banks which will give first, second or third emphasis to that particular service.

| Service | Number of Mentions | In Order of Emphasis | | | | | |
|---------------------------|--------------------|----------------------|------|------|------|------|------|
| | | 1951 | 1950 | 1949 | 1948 | 1947 | 1946 |
| Regular checking | 2007 | 1 | 1 | 1 | 1 | 5 | 8 |
| Savings-thrift | 1890 | 2 | 2 | 2 | 2 | 8 | 10 |
| Auto loans | 805 | 3 | 3 | 3 | 3 | 1 | 1 |
| Farm production loans | 619 | 4 | 5 | 4 | 6 | 4 | 4 |
| Personal loans | 617 | 5 | 6 | 9 | 5 | 3 | 3 |
| Mortgage loans | 584 | 6 | 4 | 5 | 4 | 2 | 2 |
| Bank-by-mail | 430 | 7 | 7 | 7 | 13 | 15 | 17 |
| Business loans | 363 | 8 | 8 | 10 | 9 | 7 | 7 |
| Farm equipment loans | 361 | 9 | 9 | 6 | 7 | — | — |
| Safe deposit | 348 | 10 | 12 | 13 | 14 | 16 | 15 |
| Repair loans | 317 | 11 | 10 | 11 | 8 | 9 | 6 |
| Institutional | 307 | 12 | 13 | 12 | 11 | 12 | 12 |
| Special checking accounts | 289 | 13 | 11 | 8 | 12 | 10 | 11 |
| Trust service | 245 | 14 | 14 | 14 | — | — | — |
| Home appliance loans | 209 | 15 | 15 | 15 | 10 | 6 | 5 |
| Life insurance loans | 175 | 16 | 16 | 17 | 17 | 13 | 9 |
| Educational | 152 | 17 | 17 | 16 | 16 | 14 | 14 |

*Give all your
important bank records*

MICROFILM PROTECTION

at less cost, in

FAST SERVICE—ANYWHERE

23 BURROUGHS PROCESSING CENTERS... FROM COAST TO COAST

| | | |
|------------|---------------|-------------------|
| Atlanta | Detroit | Pittsburgh |
| Boston | Houston | Portland, Oregon |
| Buffalo | Kansas City | Seattle |
| Chicago | Los Angeles | St. Louis |
| Cincinnati | Minneapolis | San Antonio |
| Cleveland | New Orleans | San Francisco |
| Dallas | New York City | Washington, D. C. |
| Denver | Philadelphia | |



Skilled mechanical service, on your premises from 583 Burroughs service centers.

TWO IMPORTANT NAMES IN MICROFILM

| | |
|--|---------------------------------|
| Bell & Howell MANUFACTURER | Burroughs DISTRIBUTOR |
|--|---------------------------------|

Individual Ledgers
Savings Ledgers
Income Tax Reports
Note Register
Stock Register
Note Ledgers
Collateral Registers
Securities Ledgers
Cashier Checks
Safe Deposit Rental Records
Safekeeping Records
Drafts
Bank and Bankers Ledgers
Notes
Withdrawal Tickets
Savings Deposit Tickets
Commercial Deposit Tickets
Trust Department Records
Bonds
Stock Certificates
Insurance Policies
Personal Records
Various Documents



High-speed recorder. Three reduction ratios available. Photographs fronts and backs of documents side by side on 16 mm. film, or at the flick of a switch, converts to 8 mm. photography of fronts only up one side of the film and down the other.

t, in less time, with Burroughs Microfilming

Sure, your bank is probably using microfilm . . . taking advantage of its protection, economy and convenience. But to what extent?

How about the records that safeguard the interests of your stockholders and of your employees . . . that define the structure of your bank as a going concern . . . that detail the obligations to depositors and trust department customers? Where would you stand if these records were destroyed or seriously damaged?

Microfilming *all* important records for protection, as well as for economy of storage space and convenience of reference, is just good practice in *any* business.

Your Burroughs representative will be glad to show you how it can be done, quickly and economically, with the finest in modern microfilm equipment—built by Bell & Howell to maintain a tradition of leadership in fine photography. Why not call Burroughs today?

WHEREVER THERE'S BUSINESS THERE'S

Burroughs



SEATTLE-FIRST NATIONAL BANK

At Close of Business December 30, 1950

Totals

| | | |
|--|------------------|------------------|
| Cash and Due from Banks . . . | \$181,067,604.15 | |
| United States Government | | |
| Securities | 176,043,269.63 | |
| Obligations of Federal | | |
| Agencies | 11,949,375.55 | |
| State and Municipal | | |
| Securities | 64,166,334.08 | |
| Other Bonds and Securities . . . | 4,907,292.08 | \$438,133,875.49 |
| Loans and Discounts | | 249,729,115.13 |
| Federal Reserve Bank Stock | | 720,000.00 |
| Bank Buildings, Vaults, Furniture and | | |
| Fixtures, etc. | | 5,427,277.61 |
| Interest Earned Not Received | | 1,655,486.26 |
| Customers' Liability under Letters of Credit | | |
| and Acceptances | | 3,381,904.90 |

TOTAL \$699,047,659.39

| | | |
|---|------------------|------------------|
| Capital Stock | \$ 12,000,000.00 | |
| Surplus | 12,000,000.00 | |
| Undivided Profits | 8,230,351.65 | |
| Reserves for Contingencies | 5,520,950.31 | \$ 37,751,301.96 |
| Reserves for Interest, Taxes, etc. | | 1,581,926.05 |
| Discount Collected Not Earned | | 1,989,831.73 |
| Letters of Credit and Acceptances | | 3,381,904.90 |
| Deposits | | 654,342,694.75 |

TOTAL \$699,047,659.39

| | | |
|---------------------|--------------------|--------------------|
| Lawrence M. Arnold | Thos. F. Gleed | B. A. Perham |
| J. H. Ballinger | P. E. Harris | W. G. Reed |
| Henry Broderick | L. C. Henry | Wilbur W. Scruby |
| F. H. Brownell, Jr. | Charles H. Ingram | Alfred Shemanski |
| Charles F. Clise | W. M. Jenkins | Elbridge H. Stuart |
| Earl D. Doran | Eric A. Johnston | J. A. Swailwell |
| Joel E. Ferris | Richard E. Long | George Van Waters |
| O. D. Fisher | Clarence D. Martin | Kathryn Wilson |
| | Russell Miller | |



SEATTLE-FIRST NATIONAL BANK

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

(CONTINUED FROM PAGE 58)

Farm Mortgages Up

In the survey mentioned on page 58, banks indicated that only 11 percent of their farm mortgages made in 1950 were already owned by farmers in order to permit them to purchase additional land. It is recognized that the majority of bank mortgage loans are made for production purposes and not for the purchase of land. Banks are continuously alerted to help keep farmers in a safe financial position. They are endeavoring to give assistance for land purchase only to those who already have a substantial equity in their farms.



"If it will help you with your income tax, Pop—I'd be willing to accept an increase in my allowance"

The First National Bank and Trust Company

**OKLAHOMA
CITY**

CONDENSED STATEMENT OF CONDITION, DECEMBER 30, 1950

RESOURCES

| | |
|--|------------------|
| Loans and Discounts..... | \$ 80,777,533.60 |
| U. S. Government Securities..... | 66,039,044.12 |
| State, County and Municipal Securities..... | 18,074,956.64 |
| Other Investment Securities..... | 3,358,591.50 |
| Stock in Federal Reserve Bank..... | 360,000.00 |
| Overdrafts..... | 6,303.50 |
| Bank Premises, Vault and Furniture and Fixtures..... | 566,049.89 |
| Other Assets..... | 6,170.14 |
| Cash and Due from Banks..... | 85,888,654.32 |

\$255,077,303.71

LIABILITIES

| | |
|---|----------------|
| Capital Stock—Common..... | \$6,000,000.00 |
| Surplus..... | 6,000,000.00 |
| Undivided Profits..... | 7,407,097.09 |
| Reserve for Taxes, Employees' Pension Plan, etc..... | 2,238,673.67 |
| Dividend Payable January 2, 1951..... | 150,000.00 |
| Deposits..... | 233,281,532.95 |

\$255,077,303.71

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

**MEMBER—
THE BANK WIRE**

The Use of "Open-End Mortgages"

L. A. TOBIE

The author, who is president of the Meriden Savings Bank, Meriden, Connecticut, is a former president of the Savings and Mortgage Division of the American Bankers Association. He is now chairman of the Division committee which is studying the subject on which he writes here.

IN recent years more and more lending institutions have included "open-end" clauses in newly granted mortgage loans, and some have added such a clause to mortgages already outstanding on their books. A new field of service to the public and increased business for the lender has thus become available.

While the "open-end" clause in mortgages is relatively new in the field of real estate credit on residential property, it is an old story in the field of large-scale corporate financing. During the formative years of railroad construction, an open-end mortgage on expanding property developments was a primary method of financing building needs. Open-end mortgages have been widely used in public utility financing, and newly issued corporation bonds for capital purposes frequently have as their security the same mortgage lien that supported previous capital issues.

Basically, an open-end mortgage is one given to secure loan advances to be made at a future date. The performance of it generally consists of a re-advance of amortized principal of a loan previously granted, to an

amount not exceeding the original principal, and having a maturity that does not exceed the remaining life of the original loan. The new advance rises to prior lien status equal to the original mortgage.

In some states a new advance on an original mortgage contract receives prior lien status automatically. In other states, the laws require that a title search covering the period from the date of the original loan to the date of the new advance is necessary in order to be assured that there are no intervening liens.

Under present conditions, most new advances under an open-end mortgage are wisely confined in their use to needed repairs and improvements to existing property. In many states this is an essential requirement. When made for this purpose they appear not to conflict with the pressing need to control consumer credit and are not subject to the controls imposed by Regulation "W" if the amount of the loan, when consolidated with the old balance, exceeds \$2,500.

This method of financing is in direct contrast to modernization and improvement loans made under Title I FHA, which are subject to consumer credit restrictions of the Federal Reserve Board, and are limited to 30 months' duration. Title I loans have been used a great deal in the past for financing new household equipment, which is distinctly a consumer credit matter, and it is therefore understandable that, when used

(CONTINUED ON PAGE 122)

Legislative Authorizations in Two States

IN 1947, the State of Connecticut passed the following legislation authorizing any mortgagee to make additional advances for necessary repairs, alterations or improvements up to the original amount of the mortgage or \$1,000, whichever is the lesser, such advances having first lien status:

Advancements may be made by a mortgagee for necessary repairs, alterations or improvements, and shall be a part of the debt due such mortgagee, provided (1) advancements for such repairs, alterations or improvements shall not be made if the indebtedness at the time of such advancement exceeds the amount of the original mortgage debt; (2) such advancements shall not exceed the difference between the indebtedness at the time of such advancement and the original mortgage debt, if the original mortgage debt is greater than the then indebtedness; (3) the total amount of all such advancements for repairs, alterations and improvements outstanding at any time shall not exceed one thousand dollars; (4) the original mortgage shall be executed and recorded after October 1, 1947; and (5) the terms or repayment of such advancements shall not increase the time of repayment of such original mortgage debt.

The Public Laws of Vermont enacted in 1933 permitted any mortgagee to make additional advances up to the original amount of the mortgage if the mortgage makes provision for advances. These advances have first lien status.

The following Section 8756 in the 1947 Revision of the Vermont Statutes clarifies Section 6706 (1-c) of the Public Laws of 1933:

8756. Mortgages. Any mortgage on real or personal property so written as to secure a present debt and any future advances by the mortgagee shall be a lien upon the mortgaged property for the full amount of debt directly created between the parties, due to the mortgagee at any given time provided that if the mortgaged property includes a homestead, the spouse of the mortgagor must consent in writing to the creation of any subsequent indebtedness. Any such mortgage may be assigned for the full amount due thereon at the time of such assignment. A subsequent mortgage on the same premises shall be inferior to the first mortgage unless the second mortgagee in writing notifies the first mortgagee of the incidence of his mortgage, in which case indebtedness created by the mortgagor to the first mortgagee subsequent to such notice shall be inferior to the lien of the second mortgage. In any conflict with the provisions of section 2711, this section shall control. 1945, No. 153—6.

IRVING TRUST COMPANY

NEW YORK

STATEMENT OF CONDITION DECEMBER 31, 1950

ASSETS

| | |
|----------------------------------|------------------------|
| Cash and Due from Banks . . . | \$ 406,990,516 |
| U. S. Government Securities . . | 369,389,749 |
| U. S. Government Insured | |
| F.H.A. Mortgages | 10,082,454 |
| Other Securities | 23,122,304 |
| Stock in Federal Reserve Bank . | 3,150,000 |
| Loans and Discounts | 519,323,848 |
| First Mortgages on Real Estate . | 1,253,412 |
| Headquarters Building | 14,033,600 |
| Customers' Liability | |
| for Acceptances Outstanding . | 9,075,599 |
| Other Assets | 4,048,344 |
| | <u>\$1,360,469,826</u> |

LIABILITIES

| | |
|------------------------------|------------------------|
| Capital Stock | \$ 50,000,000 |
| Surplus | 55,000,000 |
| Undivided Profits | 12,600,284 |
| Total Capital Accounts . . . | \$ 117,600,284 |
| Deposits | 1,218,560,042 |
| Reserve for Taxes and | |
| Other Expenses | 4,843,498 |
| Dividend Payable | 2,000,000 |
| Acceptances: Less Amount | |
| in Portfolio | 10,710,085 |
| Other Liabilities | 6,755,917 |
| | <u>\$1,360,469,826</u> |

United States Government Securities are stated at amortized cost.
Of these, \$29,104,940 are pledged to secure deposits of public monies and for other purposes required by law.

DIRECTORS

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Chairman of the Board

RICHARD H. WEST
President

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Honorary Chairman

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DAVID L. LUKE, JR.
*President, West Virginia
Pulp and Paper Company*

HIRAM A. MATHEWS
Senior Vice President

MICHAEL A. MORRISSEY
*Honorary Chairman,
The American News Company*

PETER S. PAINE
*President,
New York & Pennsylvania Co.*

LEROY A. PETERSEN
President, Otis Elevator Company

J. WHITNEY PETERSON
*President,
United States Tobacco Company*

JACOB L. REISS
*President,
Reiss Manufacturing Corporation*

FLETCHER W. ROCKWELL
Greenwich, Conn.

WILLIAM J. WARDALL
New York, N. Y.

FRANCIS L. WHITMARSH
*President,
Francis H. Leggett & Company*

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

for that purpose, they should be controlled in the manner required for other forms of consumer credit purchases. All loans for repairs or improvement of real estate on 1- and 2-family dwellings, when the amount exceeds \$2,500, are subject to the residential real estate credit controls of Regulation X of the Federal Reserve Board.

For banks to grant additional mortgage credit on the security of previously mortgaged property is not a new procedure. It is only the method of the open-end plan that is different. Making additional loans, either separately or by consolidation of a new loan into an existing loan, is common practice. It usually requires, however, a new title search, new mortgage

documents, and a new pattern of servicing for the lender.

With the open-end mortgage the approach is different. There are two methods which are used:

(1) Inserting an open-end clause in the original mortgage contract on all new loans which are made. This makes possible the future operation of the plan wherever state laws permit.

(2) Obtaining the signed approval of the borrower to a supplemental agreement with respect to the original contract covering a loan previously granted, thereby adding an open-end provision to an already existing mortgage. State laws determine the extent to which the open-end clause may be incorporated in an already existing contract. In New York it is applicable to the balance of the loan at the time the clause is added rather than the original amount.

A word of caution! Both methods should be used only where counsel is consulted on all legal details. State laws, local ordinances, and even individual bank by-laws or regulations must be complied with.

Confining mortgage advances solely for property use is a conservative method of approach and a practice that would be wise to follow if open-end clauses are used. That is not, however, the limitation which is envisioned by some of the proponents of this method of credit financing. Some advocates of this type of contract would recognize the home as a fixed and permanent basis for revolving credit through the application of open-end mortgage provisions, and the chief source for all consumer credit loans for the home owner.

Legal Considerations

The legality for such a transaction is based upon the principles contained in English Common Law. Under its provisions the borrower has specifically offered his real property as security for the original loan, and in addition for any subsequent loans or advances that might be made. Many states recognize this principle of law, and, when a clause setting forth this intent is recited in the contract, all possible future lienors are put on notice of the possibility of a continuing debt equal to the amount of the original loan.

In California, title companies have taken a definite position that even though it is legal to have a mortgage deed or deed of trust cover subsequent advances, the inclusion of such a statement in the contract does not necessarily give an assurance of complete priority over intervening liens. Their position is that such additional advances will have priority only if there are no intervening liens of which the lender has notice. A search of the records would be required to be sure of compliance.

Many other states have passed enabling legislation or have otherwise recognized first lien status of re-advances on the original mortgage contract. In New York, however, and in some other states, mechanics' liens may take priority over any open-end mortgage advance.

The control of open-end mortgage advances through restrictive covenants, either by act of legislature or by policies adopted by the lenders, frequently determines the wisdom of making such loans. It is important to

(CONTINUED ON PAGE 124)

Mortgage Note

FOR VALUE RECEIVED, (money borrowed), we hereby promise to pay to **Main Street Bank** a corporation organized and existing under the laws of the United States, or to its successors and assigns, at its office in the City of, or at such other place as may be designated, the principal sum of Dollars (\$.....), and such additional sums as may be advanced by the Bank to us, together with interest thereon at the rate of per centum (.....%) per annum, said principal and interest to be payable in monthly instalments as follows: Dollars (\$.....) or more on the first day of A. D., 19....., and a like sum or more on the first day of each and every month thereafter until this note is fully paid.

Mortgage

TO SECURE (1) the payment of a Note bearing even date herewith, executed by the Mortgagor to the Mortgagee, for Dollars (\$.....), which Note, together with interest thereon as therein recited is payable in monthly instalments of Dollars (\$.....), on the first day of each month commencing with until the entire sum is paid, and (2) any advances made by the Mortgagee to the Mortgagor, for any purpose, at any time before the release and cancellation of this mortgage, but at no time shall this mortgage secure advances on account of said original note and such additional advances in a sum in excess of Dollars (\$.....), such additional advances shall be evidenced by a Note executed by the Mortgagor as being secured by this mortgage, provided that, nothing herein contained shall be considered as limiting the amounts that shall be secured hereby when advanced to protect the security.

Harris Trust and Savings Bank

Organized as N. W. Harris & Co. 1882 - Incorporated 1907

COMMERCIAL and FOREIGN BANKING - PERSONAL and CORPORATE TRUSTS - INVESTMENT - SAVINGS

115 WEST MONROE STREET, CHICAGO 90

Member Federal Reserve System - Member Federal Deposit Insurance Corporation



STATEMENT OF CONDITION

DECEMBER 31, 1950

RESOURCES

| | |
|---|-------------------------|
| Cash on Hand and Due from Banks | \$182,585,888.77 |
| U. S. Government Securities | 182,811,888.59 |
| State and Municipal Securities | 68,984,712.66 |
| Other Bonds and Securities | 5,698,073.10 |
| Loans and Discounts | 209,804,482.81 |
| Federal Reserve Bank Stock | 750,000.00 |
| Customers' Liability on Acceptances and Letters of Credit | 2,586,937.97 |
| Accrued Interest and Other Resources | 2,214,126.72 |
| Bank Premises | 2,000,000.00 |
| TOTAL | \$657,436,110.62 |

LIABILITIES

| | |
|---|-------------------------|
| Demand Deposits | \$541,351,781.70 |
| Time Deposits | 71,281,621.91 |
| Total Deposits | \$612,633,403.61 |
| Dividend Payable January 2, 1951 | 300,000.00 |
| Acceptances and Letters of Credit | 2,586,937.97 |
| Reserves for Taxes, Interest, Etc. | 4,308,340.45 |
| Reserve for Vault Construction and Air Conditioning | 838,621.54 |
| General Contingency Reserve | 7,318,872.33 |
| Capital | \$ 10,000,000.00 |
| Surplus | 15,000,000.00 |
| Undivided Profits | 4,449,934.72 |
| Total Capital Funds | 29,449,934.72 |
| TOTAL | \$657,436,110.62 |

United States Government Obligations and Other Securities carried at \$54,492,845.00 are pledged to secure Public and Trust Deposits and for other purposes as required or permitted by law.

The basic policy of this Bank—in its Commercial Banking, Corporate and Personal Trust, Investment, Savings and other Departments—is to supply a complete, discerning and resourceful banking service.

. . DIRECTORS . .

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Sidley, Austin, Burgess & Smith

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Executive Vice-President

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*Chairman of Board,
Swift & Co.*

STUART J. TEMPLETON
Wilson & McIlvaine

(CONTINUED FROM PAGE 122)

recognize that open-end clauses are not mandatory. The lender may make advances at his discretion, but he is not required to do so. Other credit factors affecting the borrower have a bearing on the decision as to whether an advance shall be made.

A home may sometimes represent a sound basis for any form of personal credit, but there are frequently other factors which preclude the desirability of granting credit under an open-end contract for purposes other than home improvement. Not least among them is the fact that if the property is sold and the new owner assumes the mortgage, he may not be as good a credit risk as the original mortgagor and the burden of debt might be too large for him to carry safely. No doubt state laws have sometimes recognized such considerations in restricting advances to home improvement purposes.

An overall top limit placed on open-end mortgage advances is a restriction enforced in some states. In Connecticut, for example, the enabling legislation recites, in part: "... the total amount of all such advancements for repairs, alterations or improvements outstanding at any time shall not exceed \$1,000."

Other restrictions which are frequently enforced do not permit advances under an open-end contract if the loan is in default or if the total existing indebtedness on the property exceeds the original amount of the loan. Also a restriction which does not permit readvances of the principal until a testing period of several years has elapsed is sometimes imposed.

Careful consideration of these several restrictive

provisions may help to assure safe procedure in undertaking open-end mortgage commitments.

Proponents of the open-end mortgage contract as part of the mortgage program for lending institutions emphasize many advantages. The possibility exists for increased bank earnings, better security for loans when improvements are made, an opportunity to meet competition more forcefully, and participation in an improved service to the public.

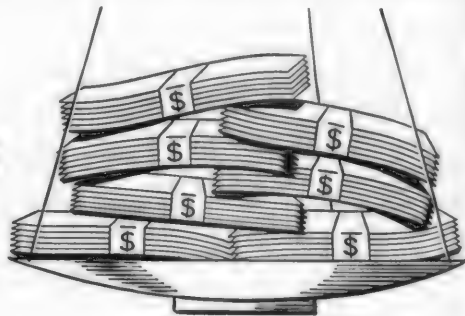
With these many advantages, however, it is important to keep in mind that open-end loans are not entirely without their drawbacks. Perhaps the outstanding disadvantage is one of a possible weakening of sound credit practices by an abuse of the open-end privilege. The benefits of amortization of principal as an aid towards complete home ownership both for the lender and the borrower should not be forgotten.

But it does offer a new opportunity in the mortgage field and one which already is being aggressively promoted by competing lenders.

The Committee on Real Estate Mortgages of the American Bankers Association Savings and Mortgage Division is continuing its study of this phase of mortgage lending. Open-end agreements under some conditions seem to offer possibilities for public benefit and for furthering the mortgage business of lending institutions. They are being actively promoted by savings and loan associations, who have made a substantial volume of advances under this plan.

It is a relatively new field, however, for the extension of bank credit, and, as such, requires a careful study of individual adaptability.

A worthwhile profit!
earn \$7.50 on each \$1000 of
NATIONAL CITY BANK
TRAVELERS CHECKS
you sell!



You can increase your bank's earnings... easily, simply, surely. Sell NCB Travelers Checks, the "travel currency" that is spendable like cash everywhere, and refundable in case of loss or theft.

Consider the ease with which these transactions are completed and how highly profitable they are compared to many other banking facilities.

It will pay you to suggest to your customers when they withdraw money for travel that they transfer it into safe NCB Travelers Checks.

Ask about our merchandising plans. We will be glad to send you upon request free blotters, newspaper mats, leaflets and other descriptive material.

Banks retain ALL the selling commission—¾ of 1% on checks sold!

THE NATIONAL CITY BANK OF NEW YORK

First in World Wide Banking

Head Office: 55 Wall Street, New York 15, N. Y. 52 Overseas Branches Correspondent Banks Everywhere
Member Federal Deposit Insurance Corporation



MICHIGAN NATIONAL BANK

BATTLE CREEK

FLINT

GRAND RAPIDS

LANSING

MARSHALL

PORT HURON

SAGINAW

STATEMENT OF CONDITION

December 31, 1950

RESOURCES

| | | |
|---|------------------|-------------------------|
| Cash and Due from Banks..... | \$ 34,149,800.39 | |
| U. S. Government Securities..... | 83,355,912.17 | \$117,505,712.56 |
| Loans—Guaranteed by Federal Agencies..... | | 32,007,623.31 |
| Loans—Other..... | | 94,584,038.56 |
| Bank and Office Buildings..... | | 3,402,152.83 |
| Federal Reserve Bank Stock..... | | 270,000.00 |
| Accrued Income..... | | 495,561.06 |
| Other Assets..... | | 706,258.87 |
| Total Resources..... | | <u>\$248,971,347.19</u> |

LIABILITIES

| | | |
|---------------------------|------------------|-------------------------|
| Commercial Deposits..... | \$136,844,922.90 | |
| Savings Deposits..... | 94,418,302.44 | \$231,263,225.34 |
| Other Liabilities..... | | 1,920,390.80 |
| Deferred Income..... | | 3,965,000.51 |
| Preferred Stock..... | 1,000,000.00 | |
| Common Stock..... | 4,000,000.00 | |
| Surplus..... | 4,000,000.00 | |
| Profits and Reserves..... | 2,822,730.54 | 11,822,730.54 |
| Total Liabilities..... | | <u>\$248,971,347.19</u> |

"OPEN EACH WEEK DAY INCLUDING SATURDAY UNTIL 4:30 P. M."

Member
Federal Reserve Bank
Federal Deposit Insurance Corporation

California Bank *Los Angeles*

AN INDUSTRIAL, BUSINESS-MINDED BANK LOCATED
IN THE "INDUSTRIAL CENTER OF THE WEST"

Statement of Condition as of Dec. 30, 1950

RESOURCES

| | |
|--|------------------|
| Cash and Due from Banks | \$104,833,549.15 |
| United States Government Securities | 222,371,420.25* |
| Obligations of Other Federal Agencies | \$ 6,116,239.50 |
| State, County, and Municipal Bonds | 14,721,195.93 |
| Other Bonds and Securities | 296,667.81 |
| Federal Reserve Bank Stock | 21,134,103.24* |
| Ownership of California Trust Company | 600,000.00 |
| Loans and Discounts | 1,475,324.66† |
| Bank Premises, Furniture and Fixtures | 153,339,373.91 |
| Earned Interest Receivable | 2,060,155.04 |
| Customers' Liability under Letters of Credit and Acceptances | 1,711,394.33 |
| Other Resources | 6,039,803.83 |
| TOTAL | 384,428.76 |
| | \$513,949,553.17 |

LIABILITIES

| | |
|---|------------------|
| Deposits: Demand | \$319,238,703.06 |
| Time | 142,772,676.54 |
| United States Government Deposits | 7,416,258.40 |
| Other Public Deposits | 9,257,489.70 |
| Reserve for Interest, Taxes, and Expenses | \$478,685,127.70 |
| Unearned Interest Collected | 2,348,264.87 |
| Letters of Credit and Acceptances | 1,464,518.92 |
| Capital Stock | 6,351,844.83 |
| Surplus | \$10,000,000.00 |
| Undivided Profits | 10,000,000.00 |
| TOTAL | 5,099,796.85 |
| | 25,099,796.85 |
| | \$513,949,553.17 |

*\$26,131,812.77 pledged, according to law, to secure Public Funds and Trust Deposits.

†California Trust Company—owned by California Bank and devoted exclusively to trust service—has Capital of \$1,000,000.00, Surplus of \$519,000.00 and Undivided Profits of \$270,274.34.

OFFICERS

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CHAS. E. DONNELLY, *Vice President and Counsel*

Vice Presidents

| | | | |
|-----------------|-----------------|-------------------------------|------------------|
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| J. H. STEENSEN | CLIFFORD TWETER | O. S. AULTMAN, <i>Cashier</i> | |

MEMBER FEDERAL RESERVE SYSTEM & FEDERAL DEPOSIT INSURANCE CORPORATION

Methods and Ideas

(CONTINUED FROM PAGE 51)

For instance, tax benefits of various kinds are available to many borrowers in some localities; and one must keep up to date with VA and FHA regulations. The borrower is entitled to the best, most timely advice the banker can give him. Also, the mortgage man should get acquainted with personnel managers in his community. These and similar contacts are useful in checking information given by mortgagors.

As for the chronic delinquent—well, he takes much time that might be devoted to helping the honest delinquent. He's quite a story, all by himself!

Bank Offers Art Purchase Prize

AMERICAN NATIONAL BANK AND TRUST COMPANY of Chicago has a plan that contributes to Chicago's continuing development as an art center and encourages artists.

The bank offers an annual purchase prize of \$150 for the most suitable "Sunday" painting by a young commercial artist in Chicago. The winning picture is used by the bank on its Christmas card.

Twenty paintings were entered in the 1950 competition, won by Thomas M. Hoyne III, with "Cold Day." Entries are judged on their suitability for use on a card as well as for their artistic merit and execution. The competition is limited to "young" artists—those whose work has not yet become known to dealers and collectors—and to easel paintings, known in the trade as "Sunday paintings" because they're part-time and weekend projects.

The contest receives considerable publicity.

This picture won the 1950 purchase prize offered by the American National Bank and Trust Company of Chicago



Bank Sponsors Chicago Symphony Series

THE Chicago Title and Trust Company is presenting free concerts by the Chicago Symphony Orchestra in 13 metropolitan area communities during the 1950-51 season.

All are given in public or parochial high school auditoriums. Also, all are broadcast and heard as part of the regular series of the orchestra's broadcasts sponsored by the bank during the past five years.

An announcement by Holman D. Pettibone, president of the bank, said that 33 broadcasts had been scheduled.

Tickets for the concerts are distributed by the individual schools.

The Symphony is making its first appearance in a majority of the communities.

"The interest high school students, particularly those in music classes, have exhibited in the broadcasts of the orchestra and the demand they have made for tickets to the regular broadcasts of the Symphony from the Eighth Street Theater have been among the chief factors motivating Title and Trust to bring the orchestra to the outlying communities," Mr. Pettibone said.

In Brief

The MIAMI DEPOSIT BANK of Yellow Springs, Ohio, has a new savings plan. It sells 2 percent special savings certificates, in \$100 and \$500 denominations, which can be purchased by anyone at any time and draw interest immediately. The certificates may be matured and cashed at the end of six months.

"How Thrift Affects Our Future" was the subject of an essay contest sponsored by the THOMASTON (Connecticut) SAVINGS BANK in the junior high school. Bank accounts were offered as prizes.

A little of our child welfare work could probably be done with the back of a hair brush.

Some people like best the parable about the multitude that loafs and fishes.

February 1951



"Look at the Protection St. Louis Terminal's Bond Provides ... Best I Ever Saw for Field Warehousing"

You'll never find better protection than you get from St. Louis Terminal's fidelity bond and warehouseman's liability policy. Both of them are carried in one of America's largest and strongest companies.

Protection to \$250,000.00 for each location is automatic. Where the exposure at one location exceeds \$250,000.00, coverage is increased to full value of the inventory.



Here is the safe way to make loans. Miniature copies of the fidelity bond and warehouseman's liability policy will be sent on request. Write for yours.

ST. LOUIS TERMINAL WAREHOUSE CO.

More Than a Quarter Century of Warehousing Service

ST. LOUIS 2, MO.
826 Clark

CHICAGO 3, ILL.
First Nat'l Bank Bldg.

CINCINNATI 2, OHIO
Carew Tower

DALLAS 1, TEXAS
Construction Bldg.

KANSAS CITY 6, MO.
Waldheim Bldg.

MEMPHIS 3, TENN.
Sterick Bldg

How Far Can We Pay As We Go?

(CONTINUED FROM PAGE 35)

However, the fifth annual report of the President's Council of Economic Advisers, which made its appearance the first week of the new year, called flatly for adherence to the original policy of financing the defense effort out of taxation "as the basic measure for combating inflation." And ten days later in his Economic Message to Congress, President Truman made his long awaited decision known publicly on

this, perhaps the most controversial and most important economic issue raised since the beginning of the cold war with Russia. "The cost," he declared, "cannot be put off into the future. It must be paid by the people now, one way or another, and it should be paid by taxation."

Was this decision of the President a sound one?

In the opinion of this writer any other decision would have been little short of tragic. And this generaliza-

tion will still apply even in the unwarranted event that we should fail to make it stand up.

The threat of inflation in wartime or preparation for war originates, as most readers of this publication are aware, in the imbalance which such an effort creates between purchasing power, on the one hand, and, on the other, the supply of goods and services that can be bought with that purchasing power. When we provide great quantities of weapons of war for ourselves and for our allies we remove goods and services from the market in prodigious amounts; and we do so at the very time when full employment of labor, plant and materials is expanding the volume of spendable funds.

Statistically, a cross section of this problem may be seen in the figures on national income regularly published by the Department of Commerce. The item "personal income" in this breakdown is the total income received by individuals from such sources as wages and salaries, property and rental income, interest and dividends. "Disposable personal income" is personal income after deduction of personal taxes; and the difference between disposable personal income and personal consumption expenditures is personal saving, which is often referred to as the "inflation gap." During the Thirties this gap was nominal in size, and even at times negative, averaging approximately \$2-billion a year. But with the launching of the rearmament program it mounted steadily, rising from \$3.7-billion in 1940 to \$9.8-billion in 1941, \$25.6-billion in 1942, \$30.2-billion in 1943, and a peak of \$35.4-billion in 1944. It reached that figure, moreover, despite the fact that personal taxes of \$19-billion had reduced \$165-billion in personal income to \$146-billion in disposable income. Had it not been for these taxes the "gap," in other words, would have been, not \$35-billion, but \$54-billion.

But the problem of combating inflation involves more than the immobilizing of as much current income as possible. Currently created purchasing power can be augmented in either or both of two ways. It can be augmented by drawing on purchasing power previously created (that is, savings) or by drawing on future income (borrowing). That is why, in time of national emergency such as the present, the

104 Times Per Year

20 of the outstanding business leaders of Cleveland are Directors of this Bank, and meet regularly twice every week to discuss and review our operations. They are working Directors who really Direct!



CONDENSED STATEMENT OF CONDITION, DECEMBER 31, 1950

ASSETS

| | |
|---|---------------------------|
| Cash on Hand and in Banks | \$ 256,101,440.98 |
| United States Government Securities | 435,238,871.14 |
| State, Municipal and Other Securities, including Stock of the Federal Reserve Bank | 136,642,374.05 |
| Loans and Discount | 386,507,768.14 |
| Bank Premises | 3,580,005.29 |
| Other Real Estate | 1.00 |
| Other Assets | 4,205,787.48 |
| | <u>\$1,222,276,248.08</u> |

LIABILITIES

| | |
|-------------------------------------|---------------------------------------|
| Capital Stock | \$ 15,000,000.00 |
| Surplus | 30,000,000.00 |
| Undivided Profits | 12,002,798.53 |
| Reserve for Contingencies | 3,000,000.00 |
| | <u>Capital Funds \$ 60,002,798.53</u> |

DEPOSITS

| | |
|---------------------------------------|---------------------------|
| Commercial and Savings | \$1,108,051,550.43 |
| Estates and Corporate Trust | 46,313,444.16 |
| | <u>1,154,364,994.59</u> |
| Accrued Taxes, Interest, etc. | 4,997,063.85 |
| Other Liabilities | 2,911,391.11 |
| | <u>\$1,222,276,248.08</u> |

United States Government Securities carried at \$70,371,078.20 are pledged to secure U. S. Government Deposits and other Public Funds and for other purposes as required or permitted by law.

Assets are shown NET after deducting Reserves.

Ohio's Largest Bank
welcomes individuals and corporations
seeking new or additional banking services.

57 CONVENIENT OFFICES

Northern Ohio:
Painesville • Willoughby • Bedford • Lorain
and

Everywhere in Greater Cleveland
COMMERCIAL • SAVINGS • TRUSTS

Member: Federal Deposit Insurance Corporation

Federal Reserve System

Largest branch banking system between New York and San Francisco

718,798 SAVINGS AND CHECKING DEPOSITORS

Government must employ every effort to discourage dissaving, preferably by attracting savings into Government securities; and that is why it must tighten its restriction on borrowing by every legitimate means, from moral suasion to the vigorous use of selective and general credit controls if necessary.

\$75-Billion Question

If this, then, is the general nature of the inflation threat, what could be said for a government which deliberately ignored the very precepts which it laid down for its citizens, by living beyond its means, which is to say, beyond its current revenues? It may be replied, of course, that so long as the Government's borrowing takes the form of drawing on people's savings, the process is non-inflationary. This, while true within limits, is a purely negative argument. As between this form of borrowing and borrowing through credit expansion there can be no question that the former is vastly more desirable—or less undesirable. But borrowing of any kind means a further addition to a public debt which is already vastly overexpanded; moreover, it merely replaces one form of liquid saving with another. For in the specific situation with which we are dealing that would more or less necessarily be the case. With only occasional brief interruptions, the purchasing power of the dollar has now been declining steadily for more than a decade. This being so, it is difficult to see just how the U. S. Government—short of a wartime emotional climate at least—could make its savings bonds sufficiently attractive to the investor.

Keep Our Dollars Dry

No one can say now whether the present rearmament program will prove an effective preventive of war, or whether it will be merely a historical prologue to a showdown by arms between Communism and the Free World. But so long as war remains a real possibility, then every dictate of sound finances argues that we should keep our powder dry so far as borrowing is concerned. For, in case World War III should come, we may need all the borrowing power at our command. And there is no better way of assuring the success of such financing than by demonstrating our willingness and ability to defend the public

Bank of America

NATIONAL TRUST AND SAVINGS ASSOCIATION

Condensed Statement of Condition, December 30, 1950

RESOURCES

| | |
|---|--------------------|
| Cash and Due from Banks | \$1,133,555,989.28 |
| United States Government Obligations | 1,552,106,669.42 |
| State, County, and Municipal Bonds | 415,105,438.22 |
| Other Bonds and Securities | 276,202,909.55 |
| Loans and Discounts | 3,256,953,558.26 |
| Bank Premises, Fixtures, etc. | 49,390,639.62 |
| Customers' Liability on Letters of Credit, etc. | 151,939,807.56 |
| Accrued Interest and Other Resources | 28,103,201.63 |

TOTAL RESOURCES . . \$6,863,358,213.54

LIABILITIES

| | |
|--|--------------------------|
| Capital | \$ 150,000,000.00 |
| Surplus | 166,000,000.00 |
| Undivided Profits and Reserves | 83,911,276.54 |
| TOTAL CAPITAL FUNDS | \$ 399,911,276.54 |
| Reserve for Possible Loan Losses | 47,012,581.21 |
| Deposits { Demand . . . \$3,498,624,892.73 } | 6,191,705,871.15 |
| { Savings and Time . . 2,693,080,978.42 } | |
| Liability for Letters of Credit, etc. | 155,184,956.98 |
| Reserve for Interest, Taxes, etc. | 69,543,527.66 |

TOTAL LIABILITIES . . \$6,863,358,213.54

Main Offices in the two Reserve Cities of California

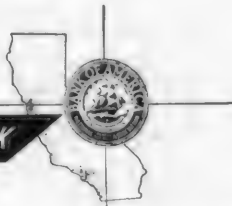
SAN FRANCISCO • LOS ANGELES

Branches throughout California

Overseas branches: London, Manila, Tokyo,
Yokohama, Kobe, Shanghai, Bangkok, Guam

BANK OF AMERICA
(International Service)
40 Wall Street, New York, N. Y.
(A wholly-owned subsidiary)

CALIFORNIA'S STATEWIDE BANK



Member Federal Deposit Insurance Corporation
Member Federal Reserve System

credit by paying cash on the barrel-head for every dollar of our defense requirements.

This, again, is more than an academic generalization. It is especially pertinent with the present situation in the savings bond market in mind. In World War II we financed 8 percent of all Government expenditures through the sale of E bonds, and it is to be hoped that this instrument will be equally useful in case war should come again. But the Treasury faces a problem of very real size in the year immediately ahead merely in handling the maturities of these

obligations, which aggregate \$33.8-billion.

Those who contend that it is over-optimistic to expect to finance the present preparedness program on a balanced budget point out that this effort is of the general, economic magnitude of a major war. "And," as they will invariably remind you, "no major war was ever financed solely out of taxes." The answer to the first of these statements is that it is true only in the most superficial sense. A tax bill of \$75-billion admittedly would be \$30-billion higher than that of 1944, which saw

revenues reach their high-water-mark of World War II. In that war it would have been enough to keep us on a pay-as-you-go basis almost through 1943.

But when you compare values and magnitudes of today with those of even a decade ago you are comparing things that are simply not comparable. In the fiscal year 1918-1919 at the height of World War I we spent only \$18.5-billion and raised only \$5.1-billion in taxes. At the peak of World War II we were spending nearly \$100-billion and raising \$44-billion in taxes. It requires no special gift of prophecy to foresee that, if World War III comes, the cost is going to make that of World War II look as insignificant as that of World War I did to that of World War I. And the most important single reason for this will be found in the fact that we fell so woefully short of financing World War II on a pay-as-you-go basis. It is the "delayed action" war inflation of the years 1945-48 which explains why a Garand rifle which cost \$31 in World War II now costs \$64, why the Army has to pay \$200,000 for a medium tank today whose counterpart could have been bought for \$55,000 in 1941, and why the cost of putting a single infantry division in the field has risen from \$14,500,000 to \$74,300,000 in less than a decade.

Wars Badly Financed

As to the well worn cliché that no major war has been financed without borrowing, even here, it sometimes seems to this writer, critics of pay-as-you-go are inclined to be too enthusiastically fatalistic. It is true that statesmen in the past have placed their main reliance on borrowing in war emergencies. But to argue that the record of the past in this field can't be vastly improved upon is only slightly more tenable than to argue that because armored horsemen turned the tide at the battle of Hastings in 1066, and the English longbow carried the day at Crecy in 1346, the employment of these weapons would be justified under the conditions prevailing in 1951.

The truth is that, by and large, wars have been very badly financed through most of history. Until recently governments usually preferred to finance by inflationary measures, for one of two basic reasons.

the FIFTH THIRD UNION TRUST CO.

CINCINNATI, OHIO

Statement as of December 30, 1950

RESOURCES

| | |
|--|-------------------------|
| Cash and Due from Banks..... | \$ 89,479,741.58 |
| United States Bonds..... | 97,200,448.57 |
| State and Municipal Bonds..... | 8,759,939.40 |
| Other Bonds and Securities..... | 8,450,987.27 |
| *Loans and Discounts..... | 77,970,798.88 |
| Federal Reserve Stock..... | 510,000.00 |
| Banking Premises Occupied..... | 3,528,318.63 |
| Customers' Liability under Acceptances..... | 34,980.00 |
| Income Accrued Receivable and Prepaid Expense..... | 650,940.43 |
| Other Resources..... | 132,915.83 |
| TOTAL..... | \$286,719,070.59 |

LIABILITIES

| | |
|------------------------------------|-------------------------|
| Capital Stock | \$ 7,000,000.00 |
| Surplus | 10,000,000.00 |
| Undivided Profits | 2,117,509.20 |
| Total Capital Funds..... | \$ 19,117,509.20 |
| General Reserve | 1,269,226.81 |
| Reserve for Dividends Payable..... | 140,000.00 |
| Reserve for Taxes..... | 797,842.17 |
| Reserve for Interest, etc..... | 179,726.69 |
| Prepaid Income..... | 743,445.18 |
| Liability Under Acceptances..... | 34,980.00 |

DEPOSITS:

| | |
|-------------------------------------|-------------------------|
| **Commercial, Bank and Savings..... | \$260,734,095.34 |
| U. S. Government..... | 3,675,860.39 |
| Other Liabilities | 26,384.81 |
| TOTAL..... | \$286,719,070.59 |

*In addition to this item as shown we have unused loan commitments outstanding in the amount of \$4,078,285.14.

**This includes \$3,934,893.84 of trust money on deposit in the Banking Department, which under the provisions of the banking law, Section 710-165 of the State of Ohio, is a preferred claim against the assets of the bank.

DIRECTORS

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President, The Cincinnati Equitable Insurance Co.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION—MEMBER FEDERAL RESERVE SYSTEM

Either their revenue and banking systems were underdeveloped or inefficient, or political expediency prevailed over economic wisdom. As Horst Mendershausen points out, a backward revenue system was one of the main considerations leading to Secretary Gallatin's policy of loan finance in the War of 1812 and to its repetition by Chase during the Civil War. (During the years 1862 to 1865 the North financed on the average only 11½ percent of its war expenditures by taxes.)

A Dangerous Gamble

It has not been unusual for statesmen to gamble politically—sometimes with unfortunate consequences—on the prospect of a short and victorious war. William Pitt, for example, in the war against the French Revolution refused to “disgust” the country by increased taxation at a time when, as he put it, the enemy was already “on the gulf of bankruptcy.” And as recently as World War I the German Government proceeded in its financial policy on the assumption that victory would be both early and remunerative. Helfferich, the Reich's Finance Minister, saw increased taxation as a needless burden on the German people. Reflecting this thesis, German war finance consisted until 1917 of loans, more loans, and printing press money. All told, Germany financed only 12.3 percent of her World War I effort by taxes, but even this mark is praiseworthy in comparison with those of France and Russia, which countries could point to corresponding figures of but 4.2 percent and 3.8 percent.

The showing of Britain and the United States was almost spectacularly sound by the general standards of World War I, the former paying its way about one-fourth in taxes, the latter about one-third. In World War II both countries improved upon these records. The United States reached a 45 percent tax basis and the United Kingdom 52 percent. Canada bettered both marks with a percentage of 57.

It is a mistake to generalize too sweepingly about the financing of wars or rearmament efforts, and this applies even in the matter of financing through loans. War expenditures normally expand faster than revenues because of the time required to pass tax legislation and the necessity, or custom, of develop-

ing an over-all tax program by a succession of stages. Since money can be raised more quickly by borrowing it is often necessary to resort to such financing early in the war. This consideration goes far to explain the comparatively poor showing made in World War I. There was no rearmament prelude to that war, and it might be said to have been over before revenue could begin to overtake expenditures. (In this connection it is interesting to note that the Revenue Act of 1918 did not become law until February 24, 1919.)

There are occasions when borrowing may, for special reasons, even be preferable to taxing, even when it isn't actually necessary. This is true when an emergency develops at a time when the economy is operating substantially below capacity. Under such conditions borrowing, while expansionist in its effects, does not constitute an inflationary threat.

None of these considerations, however, is present in the emergency with which we are presently faced. We are confronted today with the unprecedented task of erecting a \$75-billion a year rearmament project upon an economy operating under conditions of full capacity and hyperemployment. It is a situation that carries the gravest threat to currency stability, and consequently, therefore, to economic and social stability. How successful we are in

preventing serious inflation will depend upon our policies on many fronts. We must curtail spending, public and private, to a minimum; we must pursue a counterinflationary policy of public debt management; we must hold the line with respect to prices and wages, and we must keep credit expansion rigorously in check. But granting we do all these things, we could and probably would lose the battle against inflation without the sound foundation provided by an annually balanced budget.

Our Tax Potential

There are some who, while agreeing with the desirability of a pay-as-you-go program, argue that such a burden would tend to destroy incentive and slow up the defense effort. It is popular to argue, perhaps with the thesis recently expounded by Colin Clark in mind, that 25 percent of the national income constitutes the “critical level” for taxation. That taxes tend to become inflationary at some point is undeniably true in an economy that is on a completely peacetime basis. But as recently as 1949 the tax level in Britain, as Mr. Clark himself observes, was upward of 43 percent of the national income. It is interesting to note what such an extreme tax program means to the British economy, and what it would mean, by contrast, if adopted here. Adjusted to a population the size of ours, and assuming an internal value of \$4 for the pound sterling, Britain's national income comes to around \$125-billion. After taxes at the rate of 43 percent, the remainder is about \$71-billion. We, on the other hand, could give up 43 percent of our national income of \$230-billion in taxes and still have \$131-billion left.

But no one, it should be added, is suggesting an austerity in taxation as severe as this. How “crippling” a tax bill of \$70-billion would be may be seen by deducting that sum from an estimated national income for 1951-52 of \$250-billion and comparing the remainder with our income position after taxes in other recent years. The national income after taxes in 1951-52 would be somewhere in the vicinity of \$180-billion, which would compare with an estimated record high of \$195-billion for 1950-1951 and with a five-year average for 1946-50 of \$163-billion.



“My first defense bonds are about to mature, and, believe me, it makes me feel old!”

Survey of Credit Conditions

CARROLL A. GUNDERSON

The eighth semiannual survey of banker opinion has just been completed by the Credit Policy Commission of the American Bankers Association. The Commission's findings reflect the considered opinion of 262 representative bankers in the principal areas of the country. Approximately 27 percent of the replies are from banks with deposits of less than \$10-million; 69 percent are from banks with deposits of less than \$100-million; 42 percent are from cities with populations of less than 50,000; and 18 percent are from cities with populations over 500,000.

The banks participating in this study represent banks having outstanding loans and discounts constituting 13 percent of the aggregate for all banks in the country.

MR. GUNDERSON is deputy manager of the A.B.A. and secretary of the Credit Policy Commission.

General Outlook

BANKERS believe that for the immediate future the business outlook is for a generally high level of activity. It is recognized that the nation at this time is undergoing a state of transition from a prosperous condition supported by civilian and industrial peacetime demand to an economy with a growing emphasis on defense production. Therefore, it is expected that many individuals and business concerns in this national emergency will suffer adverse adjustments and difficulties, such as those resulting from production curtailment during the period of converting to defense lines, scarcity of materials due to diversion primarily for production of military goods, and the shifting of labor from one industry or area to another.

Available bank credit will have to be redistributed among borrowers in relation to their respective needs for purposes that will directly or indirectly achieve effectively the vital objectives of the defense economy. Bankers are keenly aware of their important responsibilities in the ad-

✕
A recent meeting of the Credit Policy Commission. Seated at the head of the table, right, A. B. A. President James E. Shelton, Los Angeles, and Commission Chairman Kenton R. Cravens, St. Louis
✕



ministration of sound credit-granting principles. They are willing to cooperate to prevent inflationary lending, in response to the requests for sound credit policies suggested by the American Bankers Association and by various supervisory agencies.

Volume of Loans

Approximately 39 percent of the replies to the survey reported that the dollar volume of bank loans would decrease during the first six months of 1951; 29 percent indicated that there would be no appreciable change; 30 percent stated there would be an increase in loan volume; and 10 percent estimated that the rise would be more than 10 percent over the loans outstanding at the end of 1950.

Generally, it was felt that Regulations W and X would continue to cause a reduction in credit demands. It was pointed out that many loans outstanding at time of survey were of a seasonal nature, and within a short time would be liquidated. Attention also was directed to the fact that many concerns have accumulated inventories heavier than usual, which in the course of business in the months ahead will be reduced, freeing funds that then can be used to pay off bank indebtedness.

In addition, banks were heeding warnings to direct their lending policies so as to emphasize the financing of the production of needed defense materiel and essential civilian goods, and to discourage nonessential and speculative credit. Participants in

the survey who expect some increase in volume of loans believe credit demand will result from increased operating expenses and higher prices now confronting business concerns. When prices rise, it requires more dollars to produce the same number of units, to carry the same normal inventory requirements, and to handle the resulting accounts receivable.

Bankers in agricultural areas stressed the increased cost of replacement of livestock and the additional expense of operating farms, including mechanizing and soil improvements, all of which would require more credit. The credit requirements of many business concerns which convert to the production of goods needed in the defense program will be enlarged as their contract work proceeds.

Interest Rates

Generally, it appears that interest rates on bank loans during the last six months of 1950 were somewhat higher as compared with previous periods.

Business Loans Under \$25,000: Forty-two percent of the bankers indicated an increase in interest rates and 54 percent reported no appreciable change. Four percent did not reply. None of those participating in the survey mentioned a decrease in rates.

Business Loans Over \$25,000: Forty-seven percent indicated an increase, and 42 percent reported no appreciable change. Ten percent did not reply. Only 1/2 of 1 percent of the respondents stated that there

had been a decrease in interest rates which amounted to only $\frac{1}{2}$ of 1 percent.

Personal Loans: Seventy-seven percent indicated that there had been no appreciable change in rates and only 9 percent reported that there had been some increase. Only 2/10 of 1 percent of the respondents mentioned there had been a decrease.

Real Estate Loans: Sixty-two percent of the reports indicated no appreciable change and 19 percent stated there had been some increase. Almost 4 percent estimated that the increase was in excess of $\frac{1}{2}$ of 1 percent. Over 2 percent disclosed that there was a decrease, which was not in excess of $\frac{1}{2}$ of 1 percent.

Agricultural Loans: Fifty-five percent revealed that there was no appreciable change in interest rates and 9 percent indicated an increase. Due to the fact that many banks participating in the survey do not make agricultural loans, 36 percent of the replies gave no estimate.

Ability of Borrowers to Repay

With the exception of instalment sales loans and other personal loans, there appeared to be no indication of any appreciable slowing up in repayments on obligations due banks.

Business Loans: Fifteen percent of the bankers indicated some slowing up, and the same percentage said there had been an improvement in the payment record. Approximately 69 percent felt there was no appreciable change in the record.

Real Estate Loans: Only 12 percent of the participants were of the opinion that there had been a slowing up, while 11 percent showed an improvement. Seventy-one percent

stated that there was no appreciable change in repayments.

Agricultural Loans: Only 8 percent felt that there was a slowing up. Over 18 percent stated that there was a definite improvement in repayments. About 43 percent indicated they could see no appreciable change. Thirty-one percent expressed no opinion, as they do not handle this type of loan.

Instalment Sales Loans: About 47 percent indicated no change in repayment experience, and 14 percent reported improvement. On the other hand, about 35 percent reported a slowing up in payment record.

Other Personal Loans: Fifty-three percent were of the opinion that there was no change, and 11 percent felt there was an improvement. Thirty-one percent however, stated that there was a slowing up in the repayment record.

Reasons for Repayment Tardiness

Many reasons were given for the tendency of repayments to slow up. In connection with business loans, it was felt that there was a slower liquidation of heavier inventories and accounts receivable. With respect to agricultural loans, poor crops and reduced cotton acreage were the reasons given for slowness of paper. There were some who felt that monthly amortizations on housing mortgages were too high and that the home owners had overbought. It was also difficult for some mortgagors to meet the payments on their homes and at the same time take care of other obligations for appliances, televisions, autos, and increased cost of living.

On personal and instalment loans, the higher cost of living and the ten-

dency of some individuals to overextend in their purchase of consumer goods, were given as the principal reasons for slowness in meeting obligations.

In many instances, it was pointed out that individuals and business concerns had engaged in purchasing supplies beyond normal needs because of the war scare and, consequently, had less funds available to take care of current obligations.

Last Half of 1950 Loan Increase

The more-than-seasonal increase in loan outstandings of banks during the last six months of 1950 has been one of the chief topics of discussion in banking circles. This survey of banker opinion attempts to obtain reasons for this development.

The survey reveals that the principal loan increases in order of importance were in retail trade, construction, sales finance, wholesale trade, and manufacture of food and liquor.

The most frequent reason given by the bankers for the increase in loans was the necessity for carrying normal inventory requirements, but at higher prices. This was evidenced in 9 out of 14 specific industries about which information was requested regarding the reason for the expansion of business credit.

The second most frequent reason was stated to be borrowing for carrying additional inventory. This was noted in 10 of the 14 industries. Financing of receivables appeared to be the third most important source of credit expansion. Other reasons given for the rise in bank loans to business were defense contracts, purchase of plant and equipment, and financing of normal inventory.

Exterior and interior view of a modern branch of the Bolton Trustee Savings Bank at Great Lever, Bolton, England, which was converted from a wartime air raid shelter into banking quarters. Cost of conversion was approximately 570 pounds



Working With Schools

(CONTINUED FROM PAGE 54)

percent per month, 42 percent per year, or an actual rate of 51 percent per year. This sort of condition is probably responsible for the growth of credit unions. Many young teachers start their teaching careers with college debts, buying a home, a car, having a family. This strains their meager salaries to the utmost.

When we look at teachers' salaries at the present time, we must remem-

ber the Bureau of Labor Statistics index and realize that what the teacher can buy for his salary is not any greater than it was some 10 or 15 years ago.

Before the bankers can do an excellent job in public relations with the schools, they will have to understand the motivation and the problems of teachers.

I think that with the school administrator's consent, the banker might arrange a series of meetings for teachers which would give them real help on their financial problems.

I should like to suggest another way in which the bank might establish rapport with some of the teachers and that is to employ some of the teachers on Saturday mornings or during the summers. This should only be done, of course, in case the teachers are found capable of handling some particular job in the bank. However, I am quite sure that a teacher who is employed during the summer in one of the local banks would do a pretty good selling job to the students for that particular bank the next year. It would be more or less unconscious, of course, but there would be numerous references to the way they do it in the bank.

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WE NOW come to the fourth and final point in this discussion and that is that the banker should take part in the direction of the school. I might mention first that I believe that a local banker is certainly a logical person to serve on the local school board. In no other way will he discover as much about the financial problems of schools. Throughout the country, bankers and doctors constitute the occupations with the highest number of individuals serving on school boards. Also, the banker might serve on advisory committees for certain departments or operations in the schools. The bank also can help plan and carry out community-school functions such as art exhibits.

Now to summarize the points which I have covered. On-the-spot observation in the form of bank tours would seem to me to be a worth-while public relations venture for banks. Also, personnel should be made available for talks before classes, and films should be loaned or furnished for classes after careful preparation with the business teacher. The banker should try to understand the teacher—what motivates him and what his financial needs are. Establishing good relationships with school administrators is to the mutual advantage of the schools and the banks. In fact, this relationship is indispensable if the banker expects to work with the teachers and the students. And, finally, the banker should take part in the direction of school affairs, as a member of the school board, advisory committee, or committee on community-school functions.

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CHICAGO

STATEMENT OF CONDITION

December 31, 1950

RESOURCES

| | |
|--|-------------------------|
| Loans and Discounts | \$133,606,428.41 |
| U. S. Government Securities | 243,783,881.18 |
| Other Bonds and Securities | 146,007,381.58 |
| Federal Reserve Bank Stock | 510,000.00 |
| Bank Premises | 1,400,000.00 |
| Customers' Liability, Account Letters of Credit and Acceptances | 1,870,784.79 |
| Other Resources | 179,512.18 |
| Cash and Due from Banks | 187,566,491.05 |
| TOTAL | \$714,924,479.19 |

LIABILITIES

| | |
|--|-------------------------|
| Capital Stock | \$ 3,000,000.00 |
| Surplus | 14,000,000.00 |
| Undivided Profits | 5,292,950.27 |
| Reserve for Taxes, Interest, etc. | 15,416,945.43 |
| Dividend Payable January 2, 1951 | 135,000.00 |
| Letters of Credit and Acceptances Outstanding | 1,885,147.72 |
| Other Liabilities | 280,808.77 |
| Deposits: | |
| Demand | \$488,370,438.00 |
| Time | 170,547,702.81 |
| U. S. Gov't | 15,995,486.19 |
| TOTAL | \$714,924,479.19 |

United States Government securities carried in the above statement at \$19,431,210.94 are pledged to secure public and other monies, as required by law; and United States Government and other securities carried at \$581,955.48 are deposited with the State Authorities under the Trust Act.

*

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Chairman,
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Debate—but Late

(CONTINUED FROM PAGE 40)

tion, but certainly sea and air power can achieve a complete protection while other forces are being developed to meet whatever goals may seem to be desirable in a third World War. Of course an army of reasonable size has a place in the defense of the American Continent.

A land army is also necessary for the defense of air bases, further defense of islands near the continental shores, and for such occasional extensions of action into Europe or

Asia as promise success in selected areas. But it need not be anything like as large an army as would be necessary for a land war on the Continent of Europe or the Continent of Asia. * * *

While defense of this country is our first consideration, I do not agree with those who think we can completely abandon the rest of the world and rely solely upon the defense of this continent. In fact the very thesis of an effective control of sea and air by the free nations requires that we do interest ourselves in Europe and the Near East and India and the Far East, so that Commu-

nist influence may not extend to areas from which it is still possible to exclude it by many methods other than land armies. * * *

We must not undertake anything beyond our power as we have in Korea. We must not assume obligations by treaty or otherwise which require any extensive use of American land forces. In the first place, we should be willing to assist with sea and air forces any island nations which desire our help. Among those islands are Japan, Formosa, the Philippines, Indonesia, Australia and New Zealand; on the Atlantic side, Great Britain, of course.

Japan is a special case. It seems to me we should at once make a treaty with Japan and then declare peace with Japan by joint resolution. Such a treaty should provide for assistance from the United States in the air and on the sea and temporarily perhaps with a few divisions on land until the Japanese can create their own land army for defensive purposes.

I believe the policy would also involve the support of Chiang Kai-shek on Formosa and the providing of arms and other assistance which might enable him to defend himself and contest with the Chinese Communists in China itself at least until peace is made with them. It is ridiculous to talk about avoiding a war with Communist China when such a war already exists. * * *

(CONTINUED ON PAGE 138)

FIRST NATIONAL BANK IN ST. LOUIS

Statement of Condition, December 31, 1950

RESOURCES

| | |
|---|-------------------------|
| Cash and Due from Banks | \$145,579,953.29 |
| U. S. Government Securities | 128,645,744.05 |
| Loans Wholly or Partially Guaranteed Directly or Indirectly by U. S. Government | 48,771,238.00 |
| Loans and Discounts | 179,591,751.16 |
| Other Bonds and Stocks | 14,413,760.11 |
| Stock in Federal Reserve Bank | 750,000.00 |
| Banking House, Improvements, Furniture and Fixtures | 1,152,956.19 |
| Customers' Liability, Letters of Credit, Acceptances, etc. | 2,301,402.63 |
| Accrued Interest Receivable | 1,025,239.95 |
| Other Resources | 1,641.33 |
| | <u>\$522,233,686.71</u> |

LIABILITIES

| | | |
|---|------------------|-------------------------|
| Capital Stock | \$10,200,000.00 | |
| Surplus | 14,800,000.00 | |
| Capital and Surplus | 25,000,000.00 | |
| Undivided Profits | 6,011,726.03 | 31,011,726.03 |
| Dividend Declared, Payable February 28, 1951 | | 300,000.00 |
| Reserve for Taxes, Interest, etc. | | 2,730,135.60 |
| Unearned Discount | | 467,443.52 |
| Liability, Letters of Credit, Acceptances, etc. | | 2,510,870.13 |
| Other Liabilities | | 7,500.00 |
| Demand Deposits | \$417,036,230.95 | |
| Time Deposits | 57,703,605.49 | |
| U. S. Government Deposits | 10,466,174.99 | |
| Total Deposits | | <u>485,206,011.43</u> |
| | | <u>\$522,233,686.71</u> |



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everywhere provide better customer service*

WHEREVER THERE'S BUSINESS THERE'S **Burroughs**

Debate—but Late

(CONTINUED FROM PAGE 136)

The greatest question of policy before the country and before this Congress, however, relates to our undertakings in Europe. Under the general principles I have laid down, I would say that we had better commit no American troops to the European Continent at this time. Some modification is required in that theory because, first, we are now occupying Germany with the obliga-

tions growing out of the Second World War, and second, we have made certain promises under the Atlantic Pact. * * *

General Eisenhower is going to Europe to look into the wisdom of this project, and I hope he explores every aspect of such a commitment.

* * * If these nations really do desire to build up their own arms, and do so with our assistance, and if the time comes when they see the need of and demand a coordinated defense, and if it appears at that time that that defense has a reasonable

chance of success, I should not object to committing some limited number of American divisions to work with them in the general spirit of the Atlantic Pact. * * *

The course which we are pursuing will make war more likely. If this great international force which we envision is gradually built up, the Russians for awhile will gradually increase their strength, but it seems obvious that if they think the Allies are gaining on them too rapidly, they can always begin the war. * * *

The total expense of \$40,000,000,000 a year for military purposes plus domestic expenditures and aid to foreign nations might hold the entire expenditures of the Federal Government within \$65,000,000,000. It is possible, in my opinion, to develop taxes which will ultimately meet that bill. * * *

Even with the smaller bill, price and wage controls will probably be necessary, and they may be effective to stabilize prices if we are balancing the budget, but even controls cannot prevent inflation and decrease in the value of the dollar if we permit such a tremendous deficit through an increase in Army expense. * * *

I believe we should adopt aggressive methods of propaganda. We have something to sell. Liberty has always been a more appealing philosophy to the people of the world than totalitarian communism can ever be. * * *

Finally, I believe we should use the same methods of infiltration as

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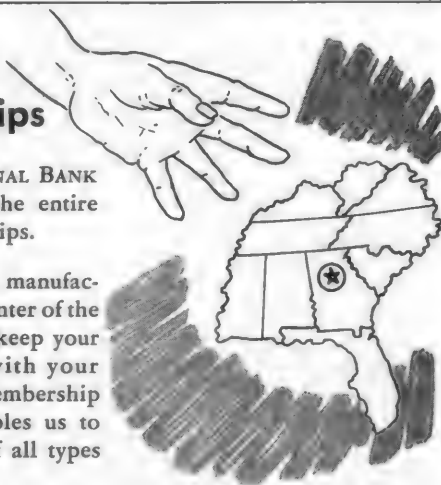
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have the Russians. We need a much more effective intelligence force. We need to study the methods by which those millions who yearn for liberty in satellite countries may be organized to seize power wherever they have the support of their fellow citizens. We can back Chiang Kai-shek in his operations in China among the free Chinese and the underground. * * *

We should not be a military aggressor or give the impression of military aggression or incite a war which might otherwise never occur. Operations on the continents of Europe and Asia, if any, should be undertaken only with the greatest care and under careful limitation. We must not so extend ourselves as to threaten economic collapse or inflation, for a productive and free America is the last bastion of liberty. * * *

Mr. Dewey—

FIRST of all, let us finally and forever abandon all those comfortable illusions which have allowed our country to sink to this perilous point. Our Government and our people have been living in a dream world based on self-deception. * * *

Let us get rid once and for all of the idea that Russia wants less than the whole world.

Let us also get rid of the stupid idea that we can sit down and do business with Stalin while we are weak and he is strong. * * *

Let us get rid of the idea we can stop Russia by appropriating billions of dollars, setting up new Government boards and then continuing wage rounds as usual, price increases as usual, and politics as usual. * * *

Second: Our armed forces should at the earliest possible moment be brought to overwhelming strength. The day for temporizing, shilly-shallying and compromise is long since gone. * * *

This is just a beginning. Universal military service of at least two years should be required of every young man to give us at least the foundation for the armed forces we need.

By the swift acceleration of the draft, the United States Army should be brought to a strength of not less than 100 divisions and our divisions are nearly twice as large as Russian divisions.

At the earliest possible moment, the Air Force should be brought to at least 80 groups.

The United States Navy should be taken out of moth balls and recommissioned without delay. * * *

In modern warfare victories are not won merely in the fighting lines but also on the production line. We can beat Russia five to one in production, but we can't save our freedom with automobiles or washing machines. Nothing less than immediate economic mobilization of our country will meet the threat that faces us. * * *

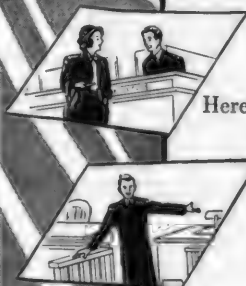
As a beginning, to provide the arms for defense this country and the free world need, we should set an immediate goal of 25 percent of our productive capacity for defense production. * * *

This mobilization of our productive forces is the heart of our struggle for survival. In the face of the crisis that confronts us, it is only the American genius for production that will give us the margin of strength to prevail against our enemies. * * *

The only effective way to deal with inflation is to finance our rearma-

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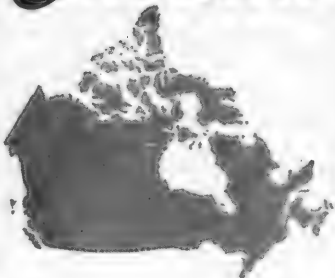


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Canada



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| Population..... | Nearly 14 million |
| Gross national product..... | Nearly \$17 billion |
| Consumer market..... | Over \$10 billion |
| Annual imports..... | Over \$2½ billion |
| Exports..... | Over \$3 billion |

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RESOURCES EXCEED \$2 BILLION

ment program on a pay-as-you-go basis. We cannot save our freedom and also keep our personal comforts and luxuries.

Government services must also be sharply cut down. Every dollar of nonessential Government spending—Federal, state and local—must be cut to the bone. * * *

Industry and labor must avoid increasing costs. This is no time for profiteering or for featherbedding. * * *

But we cannot and must not borrow the savings of our people as we did in the last World War and then pay them back in 57-cent dollars. Inflation must be stopped now and stopped hard. * * *

We should establish at once general registration for national service, including all Americans, both men and women, above the age of 17. * *

If we do all the things I have outlined, we will still need strong, powerful friends elsewhere in the world. Today most of the free nations want to be our friend. But they are afraid we do not mean business or don't know how to provide leadership. * * *

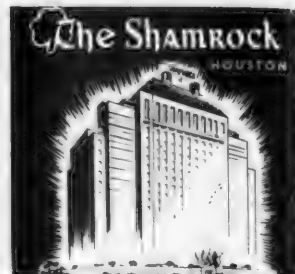
Our Government should state its aims and objectives specifically for all the world to see and know. * * *

We are in a desperate struggle to decide whether the whole world is going to be taken over by savages. In that kind of a struggle I propose that we should stop being fussy about who will help prevent it. * * *

Now I propose that we stop bickering among ourselves and make



"Do you mind if I try again next week?"



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friends with everybody who has the will to fight and the combat divisions to put in the field. If they will fight on the side of the angels I am willing to welcome them as allies whether I agree with their domestic policies or not. I want to keep human freedom alive on this earth. * * *

We should continue Marshall Plan aid but only upon condition that (1) we actually get a united defense of Europe and its full rearmament; (2) that we get the European economic barriers torn down; and (3) that Europe move to political unity so her great strength can be mobilized on the side of freedom.

Moreover, our military aid should be extended only to those countries who demonstrate their willingness to fight on our side. * * *

To save our country we must start turning this thing around. From the outside every despotism looks hard and formidable. Inside they are rotten. Let's get busy and exploit the rottenness of Soviet Russia. Let's make our propaganda offensive mean something.

Mr. Dulles—

THE free world has an economic power which operates as a major deterrent to open Russian aggression, particularly if we also have the will to forego some of our pleasures and put our economic machine into creating weapons on a mass production basis.

Now, we have great possibilities of waging psychological warfare. Despotism, when looked at from without usually looks solid and formidable, whereas free societies

look divided and weak. Actually, that is an optical illusion. The reality is just the opposite. * * *

It is not practicable to build up in each one of the more than twenty nations making up this vast frontier of about 20,000 miles, static defensive forces which could make each nation impregnable to a major and unpredictable assault by the Red armies of Russia. To attempt this would be to have strength nowhere and bankruptcy everywhere.

That, however, does not mean that we should abandon the whole idea of collective security and build our

own defense area with the help of such other countries as we might pick because of their capacity to be useful to us. * * *

Fortunately, we do not have to choose between two disastrous alternatives. It is not necessary either to spread our strength all around the world in futile attempts to create everywhere a static defense, nor need we crawl back into our own hole in the vain hope of defending ourselves against all the rest of the world. We are not bankrupt in resourcefulness.

Around the rim of the captive



Statement of Condition December 31, 1950

RESOURCES

| | |
|---|-------------------------|
| Cash and Due from Banks..... | \$123,240,179.92 |
| United States Government Obligations, direct and guaranteed (incl. \$21,349,082.54 pledged*)..... | 95,824,995.81 |
| Other Bonds and Securities..... | 38,954,616.70 |
| Demand and Time Loans..... | 147,986,331.45 |
| Stock in Federal Reserve Bank in St. Louis..... | 600,000.00 |
| Real Estate (Company's Building)..... | 2,750,000.00 |
| Customers' Liability on Acceptances and Letters of Credit..... | 3,624,480.50 |
| Other Resources..... | 163,065.22 |
| | <u>\$413,143,669.60</u> |

LIABILITIES

| | |
|--|-----------------|
| Capital Stock..... | \$12,500,000.00 |
| Surplus..... | 7,500,000.00 |
| Undivided Profits..... | 7,315,985.57 |
| Reserve for Dividend Declared..... | 250,000.00 |
| Reserve for Interest, Taxes, etc..... | 1,461,798.69 |
| Bank's Liability on Acceptances and Letters of Credit..... | 3,624,480.50 |
| Other Liabilities..... | 536,086.59 |

Deposits, Secured:

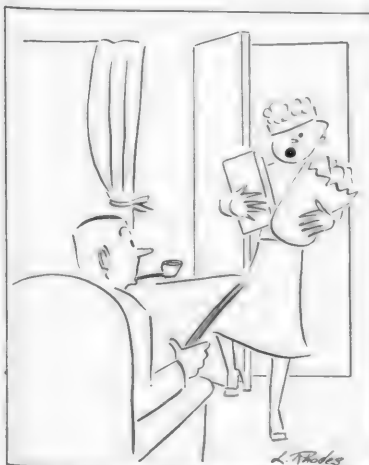
| | |
|-------------------------------------|-------------------------|
| U. S. Treasury Tax and Loan Account | \$ 8,503,736.85 |
| Other Public Funds..... | 8,220,901.26 |
| | <u>\$ 16,724,638.11</u> |

Other Deposits:

| | |
|--------------|-------------------------|
| Demand..... | \$307,782,104.48 |
| Savings..... | 55,368,951.84 |
| Time..... | 79,623.82 |
| | <u>\$363,230,680.14</u> |
| | <u>\$379,955,318.25</u> |
| | <u>\$413,143,669.60</u> |

* All securities pledged are to the U. S. Government or its Agents, State of Missouri and the City of St. Louis, to secure deposit and fiduciary obligations.

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"You'll have to cut out tobacco, Dear.
We just went over our budget."

world the free world can create enough economic and political vigor, enough military strength and enough will to resist so that these areas cannot be cheaply conquered by subversive methods, by trumped up "civil wars" or even by satellite attacks. * * *

In Korea, the United Nations forces suffer the grave handicap of trying to repel an aggressor within the limited area he selected for an attack, at the time he selected, and with methods of war which are dictated by the terrain and the weather he selected.

Our people have loyally, sacrificially and rightly backed this historic first attempt at organized suppression of aggression. We have done so despite the fact that this effort involves the inevitable defects of any first endeavor. But we instinctively feel that there is something wrong about the methods and do not want to be committed to a series of Koreas all around the globe. * * *

Total reliance should not be placed on any single form of warfare or any relatively untried type of weapon. The arsenal of retaliation should

include all forms of counter-attack with maximum flexibility, mobility and the possibility of surprise. The places of assembly should be chosen, not as places to defend, but as places suitable for launching the means of destroying the forces of aggression, if aggression occurs.

The United Nations, if it shows that it has the requisite moral courage, should be given the right to determine the fact of aggression so as to insure the Charter goal of armed forces not being used save in the common interest.

Mr. Kennedy—

WHERE are we now? Beginning with intervention in the Italian elections and financial and political aid to Greece and Turkey, we have expanded our political and financial programs on an almost unbelievably wide scale. Billions have been spent in the Marshall Plan, further billions in the occupation of Berlin, Western Germany and Japan. Military aid has been poured into Greece, Turkey, Iran, the nations of the North Atlantic Pact, French Indo-China, and now in Korea we are fighting the fourth greatest war in our history.

What have we in return for this effort? Friends? We have far fewer friends than we had in 1945. * * *

On the other side of the Iron Curtain are massed manpower and military strength of a type that the world has never seen. * * *

To engage these vast armies on the European or the Asian continent is foolhardy, but that is the direction



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1806

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-ALI-



"Who's word are you going to take?
Your wife's or the bank's?"

towards which our policy has been tending.

That policy is suicidal. It has made us no foul weather friends. It has kept our armament scattered over the globe. * * *

I can see no alternative other than having the courage to wash up this policy and start with the fundamentals I urged more than five years ago. It is absurd to believe that the United Nations can lead us out of this situation. The veto power alone makes it a hopeless instrumentality for world peace. The unwillingness of half the world to want world peace makes impossible effective organization to impose any such peace. In short, our chief source of reliance must be ourselves and we cannot sacrifice ourselves to save those who do not seem to wish to save themselves.

A first step in the pursuit of this policy is to get out of Korea—indeed, to get out of every point in Asia which we do not plan realistically to hold in our own defense. * * *

The next step in pursuit of this policy is to apply the same principle to Europe. Today it is idle to talk of being able to hold the line of the Elbe or the line of the Rhine. Why should we waste valuable resources in making such an attempt? If the weakened European nations wish to hold that line and demonstrate a determination to do so, it may be that we can afford them some help. But to pour arms and men into a Quixotic military adventure makes no sense whatever. * * *

It may be that Europe for a decade or a generation will turn communistic. But in doing so, it may break of itself as a unified force.



"I didn't mean to be overdrawn, but every time I came in here asking for check blanks you just kept dealing them out as if it was all right!"

Communism still has to prove itself to its peoples as a government that will achieve for them a better way of living. * * *

Moreover, it seems certain that communism spread over Europe will not rest content with being governed by a handful of men in the Kremlin. * * *

This policy will, of course, be criticized as appeasement. No word is more mistakenly used. It is appeasement to withdraw from unwise commitments, to arm yourself to the teeth and to make clear just exactly how and for what you will fight? * *

Finally, people will say this policy is turning our back on the United Nations. To do this there are two answers. Firstly, we cannot bear substantially the whole burden of the United Nations. * * *

Secondly, we must recognize that the United Nations is not at present a vehicle to enforce peace. * * *

An attitude of realism such as this is, I submit, in accord with our historic traditions. We have never wanted a part of other peoples' scrapes. Today we have them and just why, nobody quite seems to know. * * *



STATEMENT OF CONDITION DECEMBER 30, 1950

RESOURCES

| | |
|---|-------------------------|
| Cash and Due from Banks | \$ 51,618,429.75 |
| U. S. Government Bonds | 70,703,989.00 |
| Other Bonds and Securities | 17,027,347.63 |
| Loans and Discounts | 88,913,183.31 |
| Loans (Federally Insured or Guaranteed) | 35,590,387.93 |
| Bank Buildings | 2,089,022.52 |
| Furniture and Fixtures | 755,222.47 |
| Accrued Interest Receivable | 845,097.19 |
| Customers' Liability on L/C | 567,510.50 |
| Other Resources | 405,226.68 |
| Total Resources | \$268,515,416.98 |

LIABILITIES

| | |
|--|-------------------------|
| Deposits | 251,674,986.00 |
| Unearned Discount | 2,729,147.87 |
| Letters of Credit | 567,510.50 |
| Reserve for Taxes, Interest, etc | 1,196,455.69 |
| Capital Funds | |
| Preferred Stock | \$ 700,000.00 |
| Common Stock | 3,250,000.00 |
| Surplus | 5,000,000.00 |
| Undivided Profits | 2,072,316.92 |
| Reserves | 1,325,000.00 |
| Total Liabilities | \$268,515,416.98 |

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TAX news

(CONTINUED FROM PAGE 49)

customers in the ordinary course of business. Such property does not have the benefits of Section 117 (j), and the amount received for it can not be treated as an amount involving capital gain under the Internal Revenue Code.

To this reasoning, the Florida court in the Irrgang case pointed out that the plaintiff was not holding the fruit on the trees for sale to customers. The taxpayer was holding the fruit on the trees for the purpose of growing such fruit to maturity. The Florida court was willing to concede that the mature fruit might be held for sale to customers. The immature fruit was held for purposes of growth.

Other Pertinent Decisions

The conflict between the Bureau of Internal Revenue and the Florida court is intensified by two recent decisions of the Tax Court which support the position of the Bureau of Internal Revenue. In Thomas J. McCoy, 15 Tax Court, No. 106, decided December 12, 1950, the Tax Court decided in favor of the Commissioner's contention that the income realized by a wheat farmer on the sale of a farm on which there was a growing crop of wheat would represent ordinary income and not capital gain, to the extent that payment was made for the growing crop. In Ernest A. Watson, 15 Tax Court, No. 104, decided December 7, 1950, it was held that on the lump sum sale of an orange grove the growing crop of oranges was not real property used in the taxpayer's trade or business. It was rather property held by the taxpayer primarily for sale to customers in the ordinary course of trade. An amount representing the payment for the oranges was held to be taxable as ordinary income.

The Tax Court response to the taxpayers' claims that they are not in the business of selling immature crops but rather of ripe crops is that the taxpayers are nevertheless holding the crops for sale to customers. In the case of Ernest A. Watson, the court said:

The petitioner argues, however, that the oranges in this instance were not held primarily for sale to customers in the course of her trade or business, because she and her

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brothers were in the business of producing and selling ripe oranges and not in the business of producing and selling green oranges.

Granting that petitioner and her brothers had never before sold their oranges prior to maturity, that fact in no way negatives the proposition that the oranges were held primarily for sale by them in the ordinary course of their business. It is fundamental, we think that the grower, all factors being considered, seeks to sell his crop at the time and in the manner he considers to his best advantage, and while the evidence indicates that since the development of better protective devices against the natural hazards of orange growing and the advent of the compulsory "prorate" method of harvesting oranges, there have been no known sales of crops of oranges prior to maturity in the area in which the property herein was located, we are unable to see how the holding of the oranges primarily for sale to customers is changed to a holding primarily for some other purpose because the grower manages to realize his purpose to sell by making a sale to his liking before the oranges are mature, or because as a part of the same transaction the land was also sold.

When Is the Crop for Sale?

It seems that the Tax Court is missing the question. It is assuming as proved what it is under a duty to prove, i. e., that the taxpayer is holding the immature fruit primarily for sale to customers. Having in mind that the sale of immature fruit might even be illegal

under local law (witness the law of California above mentioned), it seems unwarranted to assume that the taxpayer is holding the fruit growing on the trees primarily for sale to customers. Moreover, selling immature fruit is not the *ordinary* course of the fruit growers' business.

At a later stage in the development of the fruit, if frost or other accidents have not destroyed them, they are held for sale to customers. But until that stage is reached the fruit does not seem to be the category of goods held primarily for sale to customers.

Two judges dissented in the Tax Court cases. In the Butler case, 6 Tax Court 183, where the taxpayer was in the business of mining and selling coal, the Tax Court said that coal in place, i. e., unmined coal, was not held by the taxpayer primarily for sale to customers. Similarly unripe crops which are as unready for ordinary sale as unmined coal, should not be classed as goods held primarily for sale to customers in ordinary course of business. If this is so the benefit of the lower tax rates on long-term capital gain should not have been denied.



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STATEMENT OF CONDITION

AS OF DECEMBER 30, 1950

Resources

| | |
|--|-------------------------|
| Cash on hand and due from Federal Reserve and Other Banks | \$ 48,453,717.69 |
| U. S. Government Securities | 53,151,535.82 |
| Federal Reserve Bank Stock | 225,000.00 |
| Loans and Discounts | 68,803,322.94 |
| Union Bank Building and Customer Auto Parks | 1,650,000.00 |
| Safe Deposit Vaults | 1.00 |
| Furniture and Fixtures | 1.00 |
| Customers' Liability under Letters of Credit and Acceptances | 3,372,796.45 |
| Other Resources | 20,244.98 |
| TOTAL | \$175,676,619.88 |

Liabilities

| | | |
|---|------------------|-------------------------|
| Capital | \$ 3,500,000.00 | |
| Surplus | 4,000,000.00 | |
| Undivided Profits | 1,501,139.90 | 9,001,139.90 |
| Reserved for Contingencies | | 1,154,002.12 |
| Reserved for Interest, Taxes, Dividends, etc. | | 1,372,528.32 |
| Liability under Letters of Credit and Acceptances | | 3,859,339.25 |
| Discount Collected—unearned | | 592,162.17 |
| Other Liabilities | | 65,103.66 |
| DEPOSITS: Demand | \$123,415,322.47 | |
| Time | 27,305,072.79 | |
| U. S. Government deposits and other public funds | 8,911,949.20 | 159,632,344.46 |
| TOTAL | | \$175,676,619.88 |

United States Government obligations carried at \$13,692,871.75 in the foregoing statement are pledged to secure public funds and for other purposes required by law

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CONDENSED STATEMENT

At The Close of Business December 31, 1950

RESOURCES

| | |
|--|-------------------------|
| Cash and Due from Banks..... | \$ 84,080,126.69 |
| U. S. Government Securities..... | 52,282,371.78 |
| Securities of Instrumentalities of the United States Government..... | 4,140,903.57 |
| State and Municipal Securities..... | 12,624,459.33 |
| Stock in Federal Reserve Bank..... | 360,000.00 |
| Other Securities..... | 1,774,626.26 |
| Loans and Discounts..... | 132,970,483.28 |
| F. H. A. Insured Mortgages..... | 3,943,905.86 |
| Banking Houses and Fixtures (Main Office and Branches)..... | 2,185,000.00 |
| Other Real Estate..... | 1.00 |
| Customers' Liability A/C Letters of Credit and Acceptances..... | 1,105,006.99 |
| Accrued Interest Receivable..... | 335,409.72 |
| Other Assets..... | 134,158.26 |
| TOTAL | \$295,936,452.74 |

LIABILITIES

| | |
|---|-------------------------|
| Capital Stock..... | \$4,000,000.00 |
| Surplus..... | 8,000,000.00 |
| Undivided Profits..... | 3,891,152.91 |
| Reserve for Interest, Taxes and Expenses..... | \$ 15,891,152.91 |
| Interest Collected but not Earned..... | 1,344,474.98 |
| Letters of Credit and Acceptances..... | 867,780.18 |
| Deposits..... | 1,105,006.99 |
| Other Assets..... | 276,728,037.68 |
| TOTAL | \$295,936,452.74 |

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

CONDENSED STATEMENT OF CONDITION

AT THE CLOSE OF BUSINESS DECEMBER 30, 1950

Assets

| | |
|--|-------------------------|
| Cash on Hand and with the Federal Reserve Bank..... | \$ 63,777,557.57 |
| Due From Other Banks..... | 8,611,611.50 |
| United States Government Securities..... | 186,351,459.98 |
| Other Bonds, Debentures and Securities..... | \$258,740,629.05 |
| Stock in Federal Reserve Bank..... | 1,108,661.00 |
| Loans and Discounts..... | 360,000.00 |
| Bank Premises, Furniture and Fixtures..... | 39,148,921.32 |
| Customers' Liability on Letters of Credit and Acceptances..... | 4.00 |
| Customers' Liability Under Loan Commitment Agreements..... | 702,039.71 |
| Accrued Interest Receivable on Loans and Securities..... | 2,847,000.00 |
| TOTAL | \$303,765,547.60 |

Liabilities

| | |
|--|-------------------------|
| Deposits..... | \$283,328,253.33 |
| Letters of Credit and Acceptances..... | 989,272.34 |
| Loan Commitment Agreements..... | 2,847,000.00 |
| Interest Collected but Unearned..... | 55,299.59 |
| Reserved for Dividends, Interest, Taxes and Insurance..... | 1,245,722.34 |
| Capital Paid In..... | \$ 6,000,000.00 |
| Surplus..... | 6,000,000.00 |
| Undivided Profits..... | 3,300,000.00 |
| TOTAL | \$303,765,547.60 |

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MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

"IF EVERY WIFE KNEW..."

(CONTINUED FROM PAGE 78)

"2. See to it that your will is kept up to date. Every day we probate ancient wills, completely unsuited to the changed conditions of the person involved. *A will should always be prepared to provide for the disposition of property as if the testator expected to die the next day.* It naturally follows that this factor is constantly changing and should be periodically met with a new will which fits the requirements of the immediate tomorrow.

"3. Don't be satisfied with a home-made will, but get the best professional advice that is available. *Avoid the pitfall of copying some other person's will.*

"4. *Minimize taxes by every legitimate means.* . . . Many thousands of dollars can be saved by a carefully worked-out estate structure, the architect of which has carefully considered all elements of estate liability.

"5. To the wife: Maintain an intelligent and helpful interest in your husband's business affairs. The finest marital relationships appear to be those that are partnerships in every sense of the word. The smart woman does not interfere with her husband's affairs but she keeps herself pretty well informed as to what is going on. The husband with a wife like this finds that he inevitably takes her advice, whether directly or indirectly, for *there is no other person whose own self-interest is more nearly that of his own.*"

"Let me close," concluded Judge Condee, "with this benediction: May you never be a widow, but may you possess the wisdom of a widow!"

"I said, 'I'd like an advance on last week's allowance'"



How to Run a Financial Forum

(CONTINUED FROM PAGE 55)

used repeatedly in the various invitation-announcements, both in newspaper advertisements and in the inserts mailed with depositors' monthly statements. They have great sales appeal.

Several other factors might be mentioned as contributing to the success of the forums—successful in the sense of the number of women attending (which ranged from 100 to over 1,000 last year) and the large number of technical questions asked at each session, frequently too numerous to be answered at the time.

For example, there are such matters as the great care with which every detail of each forum was planned months in advance; the effort to enlist the cooperation of representative women of the community in planning the meetings; the effort to obtain women speakers as well as men; the use of carefully prepared news releases and the highest type of promotional material; participation of the senior officers, and especially the president, in the forum; lunches and dinners for speakers; and the distribution of attractively bound notebooks containing programs, outlines of speeches, and blank pages for notes and questions at the meetings, as well as other educational material.

At several of the forums a few of the women brought along their husbands and some expressed a wish that the menfolk could hear the same discussions. This feeling was voiced so strongly at the early forum sponsored by the First National Bank of Minneapolis, that the bank staged another for men, several weeks later, with the same subjects and speakers.

New A.B.A. Material on Forums

In recognition of the fact that such forums represent an important and probably continuing activity for banks, the A.B.A. Public Relations Council has issued a manual entitled, *Finance Forums for Women — a Public Relations Opportunity for Banks*, as No. 9 in its series of public relations booklets.

The manual discusses such matters as internal organization of the

THE FORT WORTH NATIONAL BANK

FORT WORTH, TEXAS

STATEMENT OF CONDITION AT CLOSE OF BUSINESS
DECEMBER 30, 1950

RESOURCES

| | |
|---|-------------------------|
| CASH AND DUE FROM BANKS..... | \$ 77,894,179.90 |
| UNITED STATES GOVERNMENT SECURITIES..... | 47,138,447.55 |
| OBLIGATIONS OF STATES AND POLITICAL SUBDIVISIONS..... | 5,215,438.26 |
| OTHER BONDS, NOTES AND DEBENTURES..... | 1,865,076.80 |
| STOCK FEDERAL RESERVE BANK..... | 270,000.00 |
| LOANS AND DISCOUNTS..... | 89,206,693.26 |
| INCOME EARNED—UNCOLLECTED..... | 293,786.62 |
| FUTURE BANKING SITE AND GARAGE PROPERTY..... | 1,549,850.94 |
| FURNITURE AND FIXTURES..... | 1.00 |
| OTHER REAL ESTATE..... | 1.00 |
| CUSTOMERS' LIABILITY—LETTERS OF CREDIT..... | 307,518.00 |
| OTHER RESOURCES..... | 136,689.93 |
| TOTAL..... | \$223,877,683.26 |

LIABILITIES

| | |
|--|-------------------------|
| COMMON STOCK..... | \$ 4,500,000.00 |
| SURPLUS..... | 4,500,000.00 |
| UNDIVIDED PROFITS..... | 416,290.30 |
| RESERVE FOR CONTINGENCIES..... | 9,416,290.30 |
| RESERVE—AMORTIZATION OF BOND PREMIUMS..... | 2,000,000.00 |
| RESERVE—TAXES, INTEREST, EXPENSE, ETC..... | 1,029,912.27 |
| LETTERS OF CREDIT ISSUED..... | 1,712,980.78 |
| INCOME COLLECTED—UNEARNED..... | 307,518.00 |
| DEPOSITS: | 684,781.64 |
| INDIVIDUAL..... | \$135,716,483.88 |
| BANK..... | 60,704,695.78 |
| U. S. GOVERNMENT..... | 3,581,673.48 |
| OTHER PUBLIC FUNDS..... | 8,723,347.13 |
| TOTAL..... | \$223,877,683.26 |

U. S. Government and other securities carried at \$24,751,049.40 in the above statement are deposited to secure public funds and for other purposes required or permitted by law.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



WRITE FOR FREE BOOKLET, "Proper Seating is a Specialty." Explains the importance of fitting chairs to the individual and to the job. Also a seating service program that pays off in better morale, greater efficiency. Domore Chair Company, Inc., Department 229, Elkhart, Indiana.

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BANK OF NEW SOUTH WALES

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KNOW HOW

Business men and bankers who have visited
Australia and New Zealand will tell you that the best
medium for facilitating trade between the U.S.A. and these
countries is the Bank of New South Wales, largest
commercial bank there.

We invite you to make our specialist services
available to your customers.

BANK OF NEW SOUTH WALES

British & Foreign Department, Sydney, Australia.

BANK OF NEW SOUTH WALES BANK OF NEW SOUTH WALES

MAKE *Every* DEPARTMENT a



X131 1/2



Sikes clerical seating can *save you money* throughout the bank. Not by deceptive cheap first cost, but through such *real* savings as greater clerical work output, lower maintenance, longer life. Experience proves that Sikes hardwood chairs provide lowest maintenance and longest life; many made at the turn of the century are still in daily use! The exclusive, patented SIKES Posture Mechanism assures less fatigue, less rest-room time. Here is an often-neglected source of *lowered costs*. It will pay you to get the full facts about SIKES Seat-

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THE SIKES COMPANY, Inc., 24 Churchill St., Buffalo 7, N. Y.

forum; contacting other banks: consultation with representatives of local women's clubs and other women's groups in the community in order to obtain their cooperation and views as to subject matter; time, day, and place of meetings; the forum speakers; the forum budget, with check-list of expenses; selecting an auditorium; compiling an invitation list; the size of the sessions; and conducting the meetings.

A detailed promotional and publicity procedure is outlined, accompanied by illustrations of the material used by various banks in connection with their forums. Considerable attention is given in the manual on how to handle the question period, and also to take-home literature.

AN A.B.A. Finance Forum Kit is being made available to member banks by the Public Relations Council in connection with the manual. This kit contains material designed for use in planning and conducting forums. Some of its contents is material actually used by banks that have already conducted forums. These banks have given permission to the Council to reproduce their material for the benefit of other banks. The kit includes several announcement-advertisements, several invitation folders, an enrolment card, an acknowledgment card with perforated admission tickets and stubs attached, a single admission ticket, a sample de luxe program-notebook with photographs of speakers and outlines of speeches, a sample booklet containing a forum speech, and questions and answers.

The list also contains six other illustrative speeches, which both the sponsoring banks and speakers have given permission for the Council to reproduce: several news releases with suggestions by the A.B.A. News Bureau on handling the forum publicity; samples of A.B.A. booklets available for distribution to women attending the forum; a selected bibliography of financial books for women; and a 24-page supplement to the manual, entitled *Trends in Finance Forums for Women as Sponsored by Banks*, which gives the case histories of 35 forums held to date, including the program topics, names and titles of speakers, attendance figures, and other pertinent highlights helpful to other banks conducting forums.

Anchoring the Federal Debt

(CONTINUED FROM PAGE 38)

message received by the personnel of the National Bank of Commerce from President R. P. Doherty:

To all Officers and Employees:

On Friday, December 15, at 8 o'clock A. M. all of the officers and employees of all the Houston banks will meet in the Majestic Theatre, 908 Rusk Avenue, to hear Dr. Harold Stonier, executive manager of the American Bankers Association.

The subject of consideration is the reactivation of the Savings Bond program. This promises to be an excellent address and an informative meeting and is deserving of the full support of all of us.

In order to complete the program by 8:30 A.M. it will be necessary to start promptly. Therefore, will you be sure to be in your place when the meeting is called to order?

We expect the entire personnel of our bank to be present.

An important part of the Houston Plan was the presence of the business and industrial executives at the luncheon at the hotel, and to them Chairman Law sent this letter, a few days in advance:

Faced as we are with a great national crisis that affects everything we Americans value, this letter is addressed to you as an invitation to attend an informal luncheon, Rice Hotel ballroom, Friday 12:15 P.M., December 15, as a guest of the Houston Clearing House Association.

The purpose of this luncheon is to discuss a vital phase in our national mobilization program. The meeting will

be addressed by Dr. Harold Stonier, executive manager of the American Bankers Association, of New York City. He is a superlative speaker and will bring a message of tremendous importance. The subject he will discuss is of the first magnitude.

May we urge you to make every sacrifice necessary to be present at this luncheon. Will you please indicate on the enclosed card your availability to attend.

Sincerely yours,

F. M. LAW

Chairman, Houston Clearing House Committee

With this careful organization, the events of December 15 were highly successful. About 1,800 officers and employees of the banks reported at the theatre for the 8 o'clock mass meeting. Some of the institutions in outlying sections of the city transported their staffs in buses. Only skeleton crews were left in the banks to make ready for the day's work.

Dr. Stonier's address was inspirational, stressing the importance of an "anchored debt" and the widest possible distribution of Uncle Sam's bonds as a means of keeping money out of the spending stream. The meeting lasted exactly half an hour, as promised.

Two hundred and ten industrial leaders—men whose firms employ at least 100 persons—attended the noon-day luncheon at the hotel. Included among the guests were numerous directors of the Houston banks. Emphasis was placed on the payroll savings plan. (Excerpts from Dr. Stonier's talk appear elsewhere on these pages.)

With a single exception, each bank held a staff clinic that afternoon; one found it desirable to have its meet-

STATEMENT AS OF DECEMBER 30, 1950

RESOURCES

| | |
|--|-------------------------|
| Cash and Due from Banks | \$82,460,603.91 |
| U.S. Government Securities | 101,175,369.34 |
| U.S. Government Agencies Securities | 3,175,767.93 |
| | <u>\$186,811,741.18</u> |
| State, County and Municipal Securities | 11,197,523.80 |
| Other Securities | 11,149,789.65 |
| | <u>22,347,313.45</u> |
| Demand Loans | 22,511,499.65 |
| Time Collateral Loans | 8,293,928.60 |
| Bills Discounted | 58,696,839.82 |
| | <u>89,502,268.07*</u> |
| Banking Houses | 3,082,714.60 |
| Customers' Liability under Acceptances | 456,014.82 |
| Accrued Interest Receivable | 626,259.48 |
| Other Resources | 52,165.73 |
| | <u>\$302,878,477.33</u> |

LIABILITIES

| | |
|--|-------------------------|
| Deposits | \$278,577,085.11 |
| (Includes United States Deposits \$5,027,482.53) | |
| Unearned Discount | 1,956,784.22 |
| Accrued Taxes, Interest, etc. | 695,647.58 |
| Reserve for Dividend Payable Jan 2, 1951 | 156,406.25 |
| Acceptances Executed | \$4,244,133.73 |
| Less: Acceptances Held in Portfolio | <u>3,735,662.91</u> |
| | 508,470.82 |
| Capital Stock | \$5,687,500.00 |
| (Par \$20.00) | |
| Surplus | <u>10,312,500.00</u> |
| Undivided Profits | 3,206,421.53 |
| | <u>19,206,421.53</u> |
| Reserves | 1,777,661.82 |
| | <u>\$302,878,477.33</u> |

*Reserve in the amount of \$2,543,425.53 has been deducted from the total book value of loans.

Save for Your Independence—Buy U.S. Saving Bonds



Alert
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Efficient

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ing on Monday. In accordance with the plan, written reports on each were prepared by the secretaries appointed for the purpose, and copies were sent to Vernon Clark, director of the U. S. Savings Bonds Division of the Treasury in Washington.

Here is the report on the clinic at the First National Bank:

To this meeting were invited all officers and all bank

Preparing a panel discussion at the South Main State Bank



personnel having contact with the public. One hundred and ten were present.

The meeting was presided over by the bank president, Mr. P. P. Butler, and took the form of a panel discussion with four of the bank's vice-presidents acting as panel leaders.

Questions carefully prepared in advance covering every phase of the Savings Bonds program were presented by the chairman and answered by the panel leaders. The meeting was then thrown open for questions from the floor and many such questions were asked and answered.

At the conclusion of the meeting a poll was taken to determine whether those present felt that they were better informed from attending the meeting and whether, in their opinion, the meeting was worthwhile. There was a unanimous and enthusiastic vote in the affirmative.

And that's how the banks of Houston, Texas, mobilized to drive still deeper the Savings Bonds public debt anchor.

Times change. The main highway is becoming the main highway.

Some people who think they are dreamers are just sleepers.

The man who marries in haste isn't likely to have any leisure in which to repent.

It's easy to save. All you need to do is make money faster than your family can spend it.



We enter the second half of the Twentieth Century facing many serious problems as well as unparalleled opportunities to establish the background for lasting peace and progress. May we make headway in 1951 towards the solution of our problems and the realization of our great opportunities.

The directors and staff of American National Bank and Trust Company of Chicago take this occasion to wish you and yours prosperity, good health and enriched accomplishment during the New Year.

Statement of Condition

AS OF DECEMBER 31, 1950

| Assets | | Liabilities | |
|---|------------------|---|------------------|
| Cash and due from banks | \$ 86,304,914.83 | Capital stock | \$ 4,000,000.00 |
| United States Government obligations | 86,136,574.49 | Surplus | 5,000,000.00 |
| Obligations of instrumentalities of the United States | 3,892,753.08 | Undivided profits | 1,187,158.70 |
| State and municipal securities | 13,413,083.29 | Reserves for taxes, interest, contingencies, etc. | 1,355,405.39 |
| Other bonds and securities | 8,500,346.08 | Unearned discount | 1,324,324.20 |
| Loans and discounts | 75,520,290.36 | Other liabilities | 285,087.72 |
| Federal Reserve Bank stock | 270,000.00 | Liability on letters of credit and acceptances | 5,580,919.94 |
| Customers' liability on letters of credit and acceptances | 5,580,919.94 | Deposits: | |
| Accrued interest receivable | 519,222.59 | Demand | \$234,857,243.35 |
| Other assets | 220,518.64 | Savings | 19,685,109.00 |
| | \$280,358,623.30 | Other Time | 7,083,375.00 |
| | | | 261,625,727.35 |
| | | | \$280,358,623.30 |

United States Government obligations and other securities carried at \$38,358,906.57 are pledged to secure public and trust deposits and for other purposes as required or permitted by law.

**AMERICAN NATIONAL BANK
AND TRUST COMPANY OF CHICAGO**

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



LA SALLE AT WASHINGTON, CHICAGO 90

WORLD BUSINESS

(CONTINUED FROM PAGE 47)

the same impatience as was discernible among the people of the United States about 100 years ago."

MARSHALL PLAN NEWS

The ECA, undeterred by the hubbub over foreign policy, continues to pour out a stream of press releases on its activities. The latest *Marshall Plan News* carries on its cover a photograph of two young Austrians, part of a group who are dancing their way across the U. S. as guests of the ECA. Of more importance was the ECA announcement that, starting January 1, ERP aid to Britain has been suspended. The U. K. continues to get aid for overseas development, the production of scarce materials, etc. And, more important, dollars will flow to Britain in the form of military aid. A rose by another name. Whether ECA aid to Britain will remain suspended is uncertain. The Federal Reserve Bank of New York predicts that European arming will cut into exports from that area and slow down or reverse the improvement of London's gold and dollar reserves.

TRADE TRENDS

U. S. exports in 1950 declined by about one-fifth while imports rose nearly two-fifths to a new peak of about \$9-billion. An import surplus in 1951 is a possibility. Export data of course include goods being given away or sold on the cuff. . . . After years of struggle, the Administration has decided not to submit for Congressional approval the charter of the proposed ITO. Envisaged as another leg of the table made up of the Bretton Woods Fund and Bank, FAO, etc., the ITO has now been tossed on the scrap heap. Instead, the State Department is asking creation of an organization to make more effective the General Agreement on Tariffs and Trade. . . . The Torquay negotiations, already weeks old, will extend far into 1951. GATT negotiators recommend a code of standard practices in import and export controls. . . . Nonferrous metal users are demanding elimination of U. S. import duties. . . . Dozens of new rubber millionaires have emerged in Malaya. . . . India since devaluation has achieved trade equilibrium.

CHINA TRADE

As part of the effort to control American trade with the Red bloc, the Commerce Department regulates shipments to Hong Kong and Macao. Prohibitions apply, even if the commodity concerned is already en route. Hong Kong businessmen, intent on their normal trade with mainland China, let out a howl in December, following imposition of the U. S. controls. This was "bureaucracy gone slightly mental", observed *The Telegraph*, noting that the curbs applied to cigarettes, hooks and eyes, etc. . . . Financial counterpart of the trade control was the Treasury's freezing of Chinese funds in the U. S., a move likely to affect prominent Formosan Chinese as well as the Commies. The Chase National Bank has closed its Hong Kong branch, to the alarm of the local British community. The wisdom

of the bank's course is suggested by its experience in Shanghai, after the Reds took over there. . . . Months of U. S. protests have finally obtained from France the definite promise to prevent French rails from reaching Red China. . . . Peiping is fostering a propaganda campaign against the British, who in Korea are at war with a country they have recognized.

HERE AND THERE

Britain's coal industry faces another crisis. The "island of coal" is importing not only coal, but miners. A serious fuel shortage threatens and the National Coal Board is being bombarded from right and left. It is now the recipient of the bitterness formerly directed to the private mine owners.

India's unemployed princes have formed a union to win recognition of their traditional rights from the Government. Not a single ex-ruler has been invited to an official function since India attained independence. The 100 maharajahs and princes once considered affiliating themselves with the Indian National Trade Union Congress, but were warned that they would not be considered a "legitimate working class body."

USSR Lend-Lease negotiations are to be resumed shortly, as we go to press. As to the outcome, keep your fingers crossed.

Puerto Rico's Economic Development Administration is making a major effort to help the island's teeming population earn a living. Various light industries already have been started, but the constantly growing population defies a lasting solution.

British rubber exports to Russia during the first 11 months of 1950 were more than 20 times as great as during the same months of 1949. The 9,878 tons so exported from Britain through last November are believed to be only a fraction of the amount sent to the USSR directly from Malaya.

A Franco-Swiss bank for Morocco has been formed to help develop raw-material production in the hinterland of Casablanca. In that city a stock exchange is now being established. Morocco contains deposits of iron, manganese, lead, cobalt and copper.

Venezuelan iron ore from the Bethlehem Steel Company's new concession will begin to arrive in the USA very soon. And none too soon, considering the defense preparations.

South Africa is looking into the possibilities of a decimal system of currency. There's something the dollar can teach the pound.

Point IV Aid has begun. Iran is getting \$500,000 for rural development help. Ceylon has signed a Point IV agreement, but as yet without allocation of money. Joint U. S.-Brazilian and U. S.-Paraguayan commissions have been set up to study and recommend programs. Liberia has got an allocation of \$850,000; Brazil \$800,000.

Bank Records

(CONTINUED FROM PAGE 53)

in turn, is less vulnerable to broken water mains and fire hoses. Get a competent opinion on the vulnerability of your vault. If you are not satisfied with the security it offers, take whatever corrective steps may be necessary.

Assume for a moment that your bank will escape the full effect of the atom bomb. Establish a program of good housekeeping. Eliminate fire hazards and check your fire fighting equipment. Plan for spare parts for duplicating and other business machines. See if you can improve the security of records not kept in your vault. Get in touch and keep in touch with civil defense authorities for information on what to do to protect your personnel and minimize materiel damage. Bear in mind that civil defense personnel may require considerable actual experience before they perfect the technique of controlling fires, looting and sabotage.

You may, of course, be justified in holding your plan in abeyance and drawing up an alternate one suited to what you consider the needs of the present—based upon the nature and location of your community, rather than your evaluation of the international situation.

One large bank, at least, is operating on such a plan. Some random excerpts appear on page 53.

It's better to do too much too soon than too little too late. If you don't get bombed, you won't have wasted your time and money since your good program will entail the clearing out of useless old records, streamlining of routines in your bank, the elimination of fire hazards, precautions against losses through damage to others, such as correspondent banks or ships and planes carrying transit items. It will give you a set of microfilms that can, with proper legislation, allow you to reduce the bulk of your original records. All of these will work desirable economies in peace as well as war. And if you do get hit, you won't be worrying about the cost of the program.

Government Bonds

(CONTINUED FROM PAGE 66)

\$930-billion flowed back to the banks between December 14, 1949 and January 25, 1950, from this source. For another thing, at least 75 percent of the total of excess reserves is always in country banks. Most of them might be able to cover their higher reserve needs without selling anything. Then new real estate and consumer loans may fail to be made in sufficient amounts to equal current repayments and amortization. Business loans are the big question mark, but the recent rate of increase is hardly likely to continue.

All in all, the Open Market Committee may not have quite as much to do as many have feared. As a sheer guess we doubt that the portfolio of the Federal in early Febru-

ary—when this is read—will be more than \$1-billion greater than the January 3, 1951, total of \$20,571,000,000.

However, if the Open Market Committee will have to buy—and it will—the question is: *What and at what price?*

As of December 27 the reporting member banks reported holdings of over \$12-billion of bills, certificates and notes out of total Government holdings of about \$33,700,000,000, so it is probably true that more than a third of all Governments held by all commercial banks mature within five years, with the bulk running off in two years or less. Then there are all the bonds callable this year and the next two years. Of course a

good many of the note issues—such as the 1¼ percent notes maturing in 1951, the 1⅜ percent maturing in 1954 and the 1½ percent maturing 3/15/55—are now selling below cost prices, as a result of the attitude of the Federal Reserve authorities toward the short-term interest rate. All the same, that batch of \$12-billion ought easily to include plenty of issues which banks can get rid of without loss. Anyhow, what the Open Market Committee will buy will be the short-term issues which brings up the question, At what price?

So we do a little more guessing and say: At just about the prices which prevailed early in January. Why? Because the December 15-January 1 financing must, we think, have included a tacit understanding between the Treasury and the Federal Reserve that the short-term rate readjustment had gone far enough. Open Market Committee bids for the notes due in 1951 remained steady over the year end. The new 5-year 1¼ percent notes maintained a small premium. Only minor price changes were registered for the 1⅜s 1954 and 1½s 3/15/55. A brand new development was the apparent absorption by the Federal of some surplus lots of 2¼ percent bonds 1959/56. "Thus far and no further" seemed to be the password. The rate pattern of about 1⅜ percent for 91-day bills, 1½ percent for 1 year, 1¼ percent for 5 years out to 2½ percent for the longest bonds gave considerable evidence of having been pretty firmly set.



"Correct! That gives you \$10,000. Care to try for fifteen?"

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AMERICAN TRUST COMPANY
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At this strategic location, our Day-and-Night Transit operation provides swift service. Our many offices and west-wide relationships offer unusual facilities for collection. Our air mail dispatch often makes funds available 2 or 3 days earlier.

Write for details.



Member Federal Deposit Insurance Corporation • Member Federal Reserve System

Statement of Condition - December 30, 1950

RESOURCES

| | |
|--|---------------------------|
| Cash on Hand and in Banks | \$ 204,006,187.77 |
| U. S. Government Obligations | 319,393,765.60 |
| State, County, and Municipal Bonds | 61,556,864.89 |
| Other Bonds and Securities | 15,540,012.58 |
| Stock in Federal Reserve Bank | 1,172,300.00 |
| Loans and Discounts | 462,424,160.60 |
| Bank Premises and Equipment | 9,059,182.55 |
| Other Real Estate | 1.00 |
| Customers' Liability under Letters of Credit and Acceptances | 11,738,901.35 |
| Accrued Interest Receivable and Other Assets | 6,023,114.44 |
| Total Resources | \$1,090,914,490.78 |

LIABILITIES

| | |
|-----------------------------------|---------------------------|
| Deposits | \$1,018,097,265.74 |
| Letters of Credit and Acceptances | 11,846,885.05 |
| Reserve for Unearned Discount | 4,556,039.77 |
| Reserve for Interest, Taxes, etc. | 6,347,218.48 |
| Other Liabilities | 2,619,751.07 |
| Capital Stock | |
| Preferred | \$ 6,010,200.00 |
| Common | 12,361,220.00 |
| Surplus | 22,000,000.00 |
| Undivided Profits | 7,075,910.67 |
| Total Liabilities | \$1,090,914,490.78 |

United States Government and other securities carried at \$118,280,966.29 are pledged to secure U. S. Government Deposits, other public funds, trust deposits, and for other purposes as required or permitted by law.

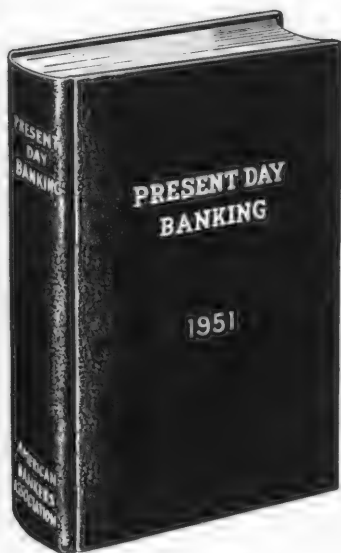
35 BANK OFFICIALS

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THE LAST DECADE or so has witnessed an epochal expansion of specialized research in all fields of banking.

Since 1935, when The Graduate School of Banking conducted by the American Bankers Association at Rutgers University was founded, more than 2,500 theses have been written by students in partial fulfillment of the requirements for graduation. Four-hundred sixty-seven of these have been placed in the Library of the American Bankers Association, where they are available for general reference purposes.

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by Ora G. Jones, Jr., President, The Goodhue County National Bank, Red Wing, Minn.

A Medium-Sized Bank's Lending Function

by Walter Kennedy, President, The First National Bank, Montgomery, Ala.

Empire Building: Financing the City of Los Angeles

by Frederick George Larkin, Jr., Vice-President, Security-First National Bank of Los Angeles, Calif.

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by Ugo J. Lisi, Assistant Secretary, Hudson Trust Company, Union City, N. J.

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New Books

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National Association of Credit Men, New York. 809 pp. \$10. This 42nd annual edition of a guide to legal problems that affect business transactions summarizes state laws and also new Federal regulations based on the national defense program. There are summaries of the Federal credit regulations, the new Soldiers and Sailors Relief Act; the Defense Production Act of 1950, the Armed Services Procurement Regulations, and the new Wage-and-Hour law and its effects on white collar workers.

The AMA Handbook of Wage and Salary Administration

American Management Association, New York. 412 pp. \$7.50. A survey of "the principles and techniques of wage and salary administration and of management's experience in their day-to-day application," including specific answers to specific problems. Twenty-four authorities contributed chapters.

Handbook of Personnel Forms and Records

By *Eileen Ahern*. American Management Association, New York. 227 pp. \$3.50. More than 150 pages of this paper-bound book contain reproductions of forms currently used by representative companies. The accompanying text analyzes the content of each type of form.

The Dollar Shortage

By *Charles P. Kindleberger*. John Wiley & Sons, New York, and Technology Press, Massachusetts Institute of Technology. 271 pp. \$4. The author, associate professor of economics at M.I.T., considers U. S. imports and exports, capital exports, the cyclical and secular shortages of dollars, monetary, fiscal, exchange and trade policies, and international lending. He points out, in his preface, that events since June 1950 "have rapidly reversed what some have considered the normal position," although he believes "the notion of a dollar shortage and its

analysis cannot yet be dispensed with altogether," especially in view of the slowness with which foreign governments are relaxing measures intended to economize dollars.

Accounting Trends and Techniques in Published Corporate Annual Reports

American Institute of Accountants, New York. 143 pp. \$10. Here is the fourth annual cumulative survey, by the Institute's research department, of the accounting aspects of 525 corporate annual reports. To them are added excerpts from and comments on unusual accounting treatments found in 600 additional reports. The period covered is July 1, 1949, to June 30, 1950.

Monopoly and Free Enterprise

By *George W. Stocking* and *Myron W. Watkins*. Twentieth Century Fund, New York. 596 pp. \$4. The book encompasses a research report by the authors and a report, with a policy program, by the Fund's Committee on Cartels and Monopoly. The committee believes that no indiscriminate attack upon an industrial machine productive of so many benefits as ours would be wise. "What is needed," it says, "is not an arbitrary assault upon size as such, but a

vigorous effort to discover those market situations where concentration of control is prejudicial to the public interest." The Stocking-Watkins contribution examines the relations of the concentration of economic power to the theory and practice of free enterprise, shows how competitive forces have been limited, in specific instances by business and by legislation, and examines government attempts at controlling monopoly.

Other Books

A STATISTICAL STUDY OF REGULATION V LOANS. By *Susan S. Burr* and *Elizabeth B. Sette*. Board of Governors, Federal Reserve System, Washington, D. C. 74 pp. Detailed statistics of the World War II program for Government guarantee of war production and contract termination loans made by commercial banks and other financial institutions. The purpose is to record for future use an experience gained under emergency pressure.

PHILANTHROPIC GIVING. By *F. Emerson Andrews*. Russell Sage Foundation, New York, 301 pp. \$3. Mr. Andrews, on the Foundation's staff, covers a wide range in this analysis of major fields of philanthropy and questions that confront donors.

"People seem to like to have it difficult to make withdrawals"



Men, Materials, and \$71,594,000,000

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a revenue system which enables the Government to pay its current bills out of current income. No one welcomes heavy taxes. But in a time of unprecedented national danger like the present, I am certain that all groups of our population will soon realize that very much higher taxes—for themselves, as well as for others—are a necessary defense measure.

While adequate revenues are an essential safeguard against the development of inflationary tendencies, they cannot do the job alone. Measures for allocating essential materials have been adopted in order to assure priority for our military needs without increasing the strain on the price structure. Selective credit controls such as those embodied in the Defense Production Act passed by the Congress last July are also of definite help. Other measures of demonstrated effectiveness in curbing inflationary tendencies, such as price and wage controls, are under consideration and will assuredly be adopted soon.

Rate Changes Ineffective

I have not included the use of fractional increases in interest rates on Government securities as one of the measures of effectively controlling inflation. The Treasury is convinced that there is no tangible evidence that a policy of credit rationing by means of small increases in the interest rates on Government borrowed funds has had a real or genuine effect in cutting down the volume of private borrowing and in retarding inflationary pressures. The delusion that fractional changes in interest rates can be effective in fighting inflation must be dispelled from our minds.

In the absence of new legislation, the Federal deficit will amount to \$16.5-billion in the fiscal year 1952.

This deficit is a result largely of our defense requirements. In non-defense spending, as the President has noted, the only major new public works projects included in the budget are those directly necessary to the defense effort. Construction of many public works projects now under way has been substantially curtailed. Many other activities have been abbreviated.

The revenue requirements which the defense situation demands need no comment. These requirements can be met without damage to the economy if our citizens have mutual willingness to make the necessary sacrifices.

Best Weapon Against Inflation

Along with adequate revenues and specific controls required for curbing price and wage rises, there is a weapon of great importance available to us for keeping inflationary forces under control. That is a debt management program which is directed toward placing the largest possible proportion of Federal securities in the hands of nonbank investors—individuals, insurance companies, mutual savings banks, and other investors outside the banking system—and reducing the proportion of Federal securities held by commercial banks and Federal Reserve banks.

This program is a powerful weapon in combating inflation. There seems to be a lack of sufficient public knowledge or understanding of what the Treasury has achieved in this area during the postwar period.

It should be pointed out, therefore, that as a result of specific Treasury debt management policies, holdings of Government securities by private nonbank investors have increased substantially since the end of the war, and have reached an all-time peak during the last half of the calendar year 1950. This activity has been accompanied by a decline in the holdings of the commercial banking system, which reached new postwar lows during the last half of 1950. Three years ago the public debt was the same as it is now. But the Government security holdings of the commercial banking system have dropped nearly \$10-billion; and approximately \$4-billion of this reduction took place during 1950.

The importance of this anti-inflationary accomplishment can not be overestimated. This reduction in the money supply of the country holds particular significance at the present time when it is vitally important to the well-being of the economy that the inflationary potential of commercial bank assets be kept at a minimum.

There are two other important matters relating to debt management policy which hold particular interest at the present time and which have been given extensive consideration in the financial community and elsewhere in recent months. The first is the place of Savings Bonds in the Government financing picture, and the actions that will be taken to refund maturing "E" bonds. The second is the rate of interest that the Treasury is going to pay on long-term Government bonds in refunding and new borrowing programs. I want to take up each of these two questions in turn.

I stated that an important anti-inflationary action could be accomplished by placing the largest possible proportion of Federal securities in the hands of nonbank investors. As part of the Treasury Department's endeavor toward this end, the Savings Bond Program has been of outstanding value. It has been both dramatic and effective. It has been dramatic because it is sustained on practically a volunteer service basis. It has been effective because today, the total of outstanding Savings Bonds represents approximately 25 percent of the entire Federal debt.

It is really inspiring to know that there are about \$10-billion more Savings Bonds outstanding today than there were at the end of World War II financing. The tremendous selling program involved in achieving this remarkable record is due in the main part to the volunteer efforts of individuals, business groups and all organizations who have contributed time, money, and ingenuity to the promotion and sales of Savings Bonds.

There are only about 500 paid employees in the Savings Bond Division of the Treasury. These employees plan and coordinate the program. The real volume of the work, however, is done through the generous efforts of those volunteers who have sold Savings Bonds to over 85-million purchasers.

Of the \$58-billion total of outstanding Savings Bonds, nearly \$35-billion is in "E" Bonds. This is a noteworthy accomplishment—for no one would have been rash enough to predict at the end of World War II hostilities that five years later there would be a \$4-billion increase in the total of outstanding "E" Bonds. Most of us were sure in 1945 that there would be a heavy cashing of Savings Bonds as soon as war scarci-

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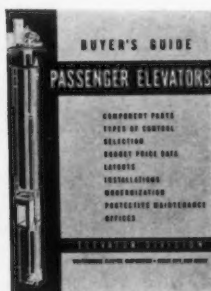
• Industrial

EACH month this column will list recent acquisitions including manufacturers' literature and other special announcements of interest to our readers—though no statement made should be regarded as an endorsement.



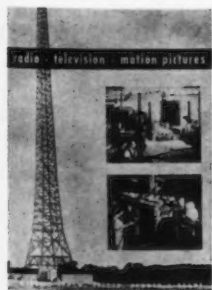
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BUYER'S GUIDE—PASSENGER ELEVATORS. A 56-page illustrated booklet containing charts and tables compiled as a reference on efficient transportation of passengers in office buildings, hotels, stores, hospitals, banks and other public buildings. The booklet gives detailed information on selecting the correct elevators of necessary size and capacity,

types of elevator controls, dimensions and layouts for standard passenger elevators, information on measurements, safety features, and comments on modernization of out-moded systems. Write to *Mr. E. B. Dawson, Elevator Division, Westinghouse Electric Corporation, Jersey City, New Jersey* on company letterhead stationery.



RADIO TELEVISION. MOTION PICTURES. A 28-page illustrated booklet discussing the development of these industries and future prospects. Gives breakdown of expense of making motion pictures, outlining the problems of these manufacturers and the moving picture exhibitors in the face of falling box office receipts. Reviews the tremendous growth of television

and its effect on the net works, set-makers and speculators. Lists 26 companies in the movies, record making, radio and television fields with a brief financial picture of each and data on capitalization, earnings, dividends, and stock price range. Write to *Merrill Lynch, Pierce, Fenner & Beane, 70 Pine Street, New York, New York.*



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BONDED DEFENSE AGAINST THE CHECK FORGER. A 15-page booklet discussing the nature and functions of the Depositors Forgery Bond and the protection it provides. The book stresses that 90% of business operations involve use of bank checks and as a business expands it becomes more vulnerable to forgers. Discusses branch office coverage, employee forgery, liability of depositor and bank, the imposter rule, adequate coverage, and loss prevention. Write to the *Surety Association of America, 60 John Street, New York 7, New York.*



THE NATION'S WOOD SUPPLY. A 23-page booklet well illustrated in full color explaining what is being done and what has been done to insure an adequate wood supply for the future. Includes data on the trend of the nation's wood supply, pointing out that annual forest growth has increased steadily since the turn of the century. Reviews nine replen-

ishing factors such as: the Incentive to Replenish, Wood Supply Protection, Helping Nature Grow New Forests, Training Forestry Experts, etc. Write to *American Forest Products Industries, Inc., 1319 18th Street, N. W. Washington 6, D. C.*

Men, Materials, and \$71,594,000,000

(CONTINUED FROM PAGE 157)

ties and restrictions were over. On the contrary, however, the "E" Bond total has gone up every year because of the organized promotion by volunteers in bringing the merits of the Savings Bond investment to the attention of the public. As a matter of fact, in the calendar year just ended, the volume of "E" Bonds outstanding rose by three-quarters of a billion dollars, notwithstanding the fact that there were increases in redemptions as a result of the scare buying immediately following the outbreak of the Korean crisis. It is interesting to observe in this connection that the redemption of "E" Bonds—in relation to the amount outstanding—was less percentage-wise than other comparable forms of savings. So it becomes readily apparent that the Savings Bond is, in fact, a very popular form of savings.

Extension of "E" Bonds

It was this last fact that led to the conclusion on our part, after consulting with many individuals and business groups, that the Treasury should continue the Savings Bond program after World War II as a major effort to encourage the promotion of thrift. It is this same conclusion that leads us to announce that the Treasury will continue to offer the "E" Bond, in its present form, to the public as a Defense Bond during the mobilization period. The aim now is not only to promote thrift, but to act as an anti-inflationary force and to help further distribution of the ownership of the public debt.

As you know, beginning in May of this year, a portion of the Savings Bonds bought during the war years will mature. While some of the holders of these bonds may desire to cash them upon maturity, it is our belief that the majority will desire to continue their investment in United States Savings Bonds. Therefore, the Treasury is adopting the following plan for handling the maturing bonds. The holder may have his choice of: one, accepting cash if he so desires; two, continuing to hold the present bond with an automatic interest-bearing extension; and three, exchange his bond for a current income savings bond of Series G.

Under Option 2, the bond would be automatically extended, bearing interest at the rate of $2\frac{1}{2}$ percent for the first seven and one half years and interest at a rate sufficient thereafter so that the aggregate return for the 10-year extension period will be 2.9 percent compounded. The term of the extension would be limited to 10 years after maturity. The existing option of paying taxes on interest on Series E Bonds currently or at maturity would be retained. Necessary Congressional legislation to authorize this option will be requested immediately. Once the plan is placed in effect, it will apply to all outstanding "E" Bonds as they mature, and will apply by right of contract to all new Series E Savings Bonds that are issued.

The $2\frac{1}{2}$ Percent Rate

Now let us go on to the subject of interest rates. It is my view that a $2\frac{1}{2}$ percent rate of interest on long-term Treasury bonds is a fair and equitable rate—to our Government which is borrowing the money,

to the purchaser of Government bonds who is lending the money, and to the taxpayer who has to pay the interest on the money borrowed.

The $2\frac{1}{2}$ percent rate of interest on long-term Government securities is an integral part of the financial structure of our country. During the past ten years—a period in which we fought our most costly war and made a most extensive reconversion to peacetime activities—the $2\frac{1}{2}$ percent rate has become a most important influencing factor in financial policy in the country. It dominates the bond markets—Government, corporate, and municipal. Moreover, it dominates the operations of financial institutions. Most of these have already adjusted themselves to the $2\frac{1}{2}$ percent rate—and after so doing, have become more prosperous than ever before.

Most life insurance companies, for example, have changed the guaranteed interest provisions of their new policies during the past decade to conform with the $2\frac{1}{2}$ percent rate, so that today about 85 percent of the new life insurance premiums received by insurance companies are on policies written at interest rates of $2\frac{1}{2}$ percent or less. Mutual savings banks also have tied their current interest rate on funds of depositors to the Government rate.

Any increase in the $2\frac{1}{2}$ percent rate would, I am firmly convinced, seriously upset the existing security markets—Government, corporate, and municipal.

We cannot allow this to happen in a time of impending crisis, with the heavy mobilization program to finance. We cannot afford the questionable luxury of tinkering with a market as delicately balanced as the Government security market. Now is no time for experimentation.

We have not hesitated to draft our youths for service on the battlefield, regardless of the personal sacrifice that might be entailed. Neither can we hesitate to marshal the financial resources of this country to the support of the mobilization program on a basis that might require a degree of profit sacrifices.

In the firm belief, after long consideration, that the $2\frac{1}{2}$ percent long-term rate is fair and equitable to the investor, and that market stability is essential, the Treasury Department has concluded, after a joint conference with President Truman and Chairman McCabe of the Federal Reserve Board, that the refunding and new money issues will be financed within the pattern of that rate.

The formulation of a successful policy of financial mobilization is not easy. It must, of necessity, be one that will require sacrifices from every one of us. Let me make one thing clear. Even a short period of weakness in the financial stability of the United States could mean a generation of disaster.

We shall diligently continue our efforts with free nations to help establish peace and prosperity in the world. But in the meantime, we shall face realities—face them in the knowledge that our pride in America's past and present, and our confidence in her future, permit no acceptance of the dictates of an aggressor.

We are going ahead with our military and our financial mobilization measures to whatever extent the unfolding disclosures of communist intentions make necessary. In justice to ourselves and to all other believers in freedom, we can follow no other course.

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